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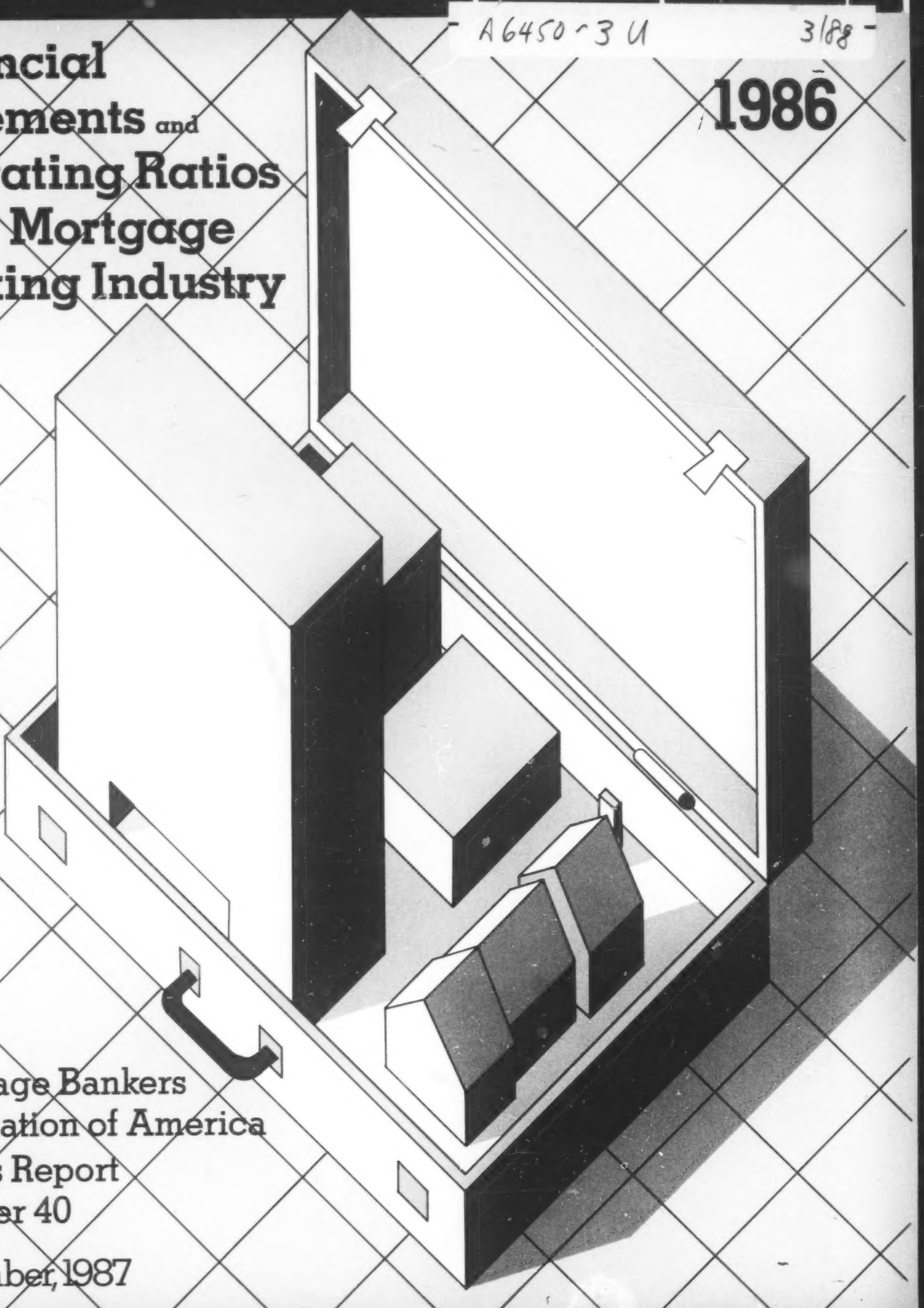
Financial Statements and Operating Ratios for the Mortgage Banking Industry

1986



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PREFACE

The 1986 Financial Statements and Operating Ratios, published annually by the Mortgage Bankers Association of America, is the twenty-third report in a series published since 1963. This report provides income statement and balance sheet data supplied by 180 mortgage companies. Their cooperation in providing the Association with this valuable industry information is most appreciated.

Interest rates continued to decline over the course of 1986, with interest rates on fixed-rate mortgages reaching the single-digit range for the first time since 1978. The resulting increase in housing starts and sales, combined with a deluge of refinancings, increased total one- to four-family mortgage originations by 87 percent to $454 billion. As the demand for fixed-rate and government-backed mortgages increased, the mortgage banking industry's share of this expanding market increased, boosting one- to four-family originations for the industry by over 100 percent. Income property lending also increased, despite declining levels of new construction brought on by high vacancy rates and the threat of tax reform. Servicing portfolios increased roughly in line with the increase in mortgage debt outstanding, suggesting that the major net purchases of servicing portfolios made by the industry in 1985 slowed somewhat in 1986.

With these extraordinary increases in lending volume, total income for most mortgage bankers increased strongly. Due to increases in productivity, expenses increased by significantly less, boosting the average profit margin for the first time since 1983. The combination of improved profit margins and higher leverage resulted in a significant increase in return on equity. This increase in profitability occurred despite rising costs associated with loan processing, loan delinquencies and foreclosures, and real estate owned. Moreover, it appears that there were significant increases in the creation of excess servicing, whereby some current income is forgone for a stream of future income.

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I. Introduction

The average firm in our 1986 survey of the mortgage banking industry experienced tremendous growth during 1986 as the lowest mortgage interest rates in seven years ignited an explosion of mortgage loan originations. The average firm had in-house originations of one- to four-unit residential loans totaling $364 million, up 80 percent over the 1985 level. In addition, the average firm purchased about $170 million of such loans over the course of the year. In-house originations of income property loans averaged $64 million, down 9 percent from 1985, while another $8 million of income property loans were purchased. Combined one- to four-unit residential and income property in-house originations were up 57 percent. The servicing portfolio of the average firm increased 11 percent to $1.85 billion.

The assets of the average surveyed firm increased by 50 percent in 1986 to $139 million, compared to a 30 percent increase during 1985. Thus, in terms of assets, the average firm nearly doubled in size in just two years. This increase in assets during 1986 was funded with a 54 percent increase in debt and a 23 percent increase in equity. Consequently, leverage for the average firm increased to 9.5 in 1986 from 7.8 in 1985.

Total income for the average firm increased 47 percent to $28.7 million. Asset turnover, or total income as a percent of assets, declined modestly to 20.7 percent. Total operating expenses for the average firm increased 44 percent to $25.1 million. With net income of $2.0 million, the profit margin for the average firm increased slightly to 7.1 percent in 1986 from 6.9 percent in 1985. While the profit margin increased, the decline in asset turnover and the increased interest expenses associated with the increase in leverage held return on assets to 1.5 percent, the same level as in 1985.

After having declined during the previous two years, return on equity increased moderately in 1986 due to the modest improvement in profit margin of the average firm combined with the sizeable increase in leverage. The 13.9 percent figure for 1986 was one-fifth above the 1985 level. However, the average 1986 return on equity remained below the five year average of 16.2 percent.

TABLE 1
ANALYSIS OF PROFITABILITY FOR THE AVERAGE FIRM
(dollars in thousands)

	5 year Average	1986	1985	1984	1983	1982
Average Assets[1]	—	$138,667	$92,349	$71,560	$62,213	$47,591
Average Equity[1]	—	$ 14,571	$11,886	$ 9,284	$ 7,604	$ 6,315
Income	—	$ 28,684	$19,583	$16,446	$15,208	$11,847
Net Income	—	$ 2,023	$ 1,350	$ 1,321	$ 1,710	$ 1,207
Profit Margin	8.68%	7.05%	6.89%	8.03%	11.24%	10.19%
Asset Turnover[2]	22.84%	20.7%	21.2%	23.0%	24.4%	24.9%
Return on Assets	2.01%	1.46%	1.46%	1.85%	2.75%	2.54%
Leverage[3]	8.14	9.52	7.77	7.71	8.18	7.54
Return on Equity	16.2%	13.88%	11.36%	14.23%	22.49%	19.12%

[1]Average assets and average equity are calculated by averaging beginning of year and year end figures.

[2]Total income divided by average assets.

[3]Assets divided by equity.

II. The Business Environment

The year 1986 began with much optimism for the economy in general and the housing industry in particular. World oil prices were plunging, helping to further reduce actual inflation and expectations of future inflation while also boosting real disposable personal income for oil-importing countries such as the U.S. Interest rates had been declining sharply since the late summer months of 1985 and by the beginning of the new year effective interest rates on fixed-rate mortgages dipped below 11 percent, their lowest level since 1979. Over the course of the year mortgage rates continued to decline, reaching the single-digit range for the first time since 1978. This decline in interest rates was encouraged by four cuts in the FED's discount rate over the course of the year.

Activity in housing markets responded to this decline in mortgage interest rates and the resulting improvement in homeownership affordability. One- to four-unit housing starts climbed nearly 6 percent from the fourth quarter of 1985 to the fourth quarter of 1986. Sales of existing single-family homes increased 11 percent over the same period. This increase in housing starts and sales, combined with a deluge of refinancings, increased total one- to four-family mortgage originations by 87 percent to $454 billion. An estimated 40 percent of this total was refinancings of existing loans. The mortgage banking industry's share of the expanded one- to four-family market increased to 29 percent in 1986 from 26 percent in 1985. Several factors were at play to boost this market share. FHA and VA loans, the bread and butter of the mortgage banking industry, increased from 18 percent of total one- to four-family originations in 1985 to nearly 21 percent in 1986. At the same time the mortgage banking industry's shares of the FHA and VA markets increased. Further, the industry increased its share of the conventional market as well. The increase in overall lending volume combined with the increase in market share resulted in a 108 percent increase in one- to four-unit volume for the mortgage banking industry.

TABLE 2
THE REAL ESTATE LENDING BUSINESS ENVIRONMENT IN 1986

	Mortgage Interest Rates[a]	Existing Home Sales[b] (000's of units)	Housing Starts[c] (000's of Units) One- to Four-Family	Housing Starts[c] (000's of Units) Multi-Family	Construction Contracts for Commercial and Industrial Buildings[d] (mil. sq. ft.)	Construction Put-in-Place-Nonresidential Buildings[e] (billions of 1982 dollars)
1985:Q4*	11.28%	3,500	1,179	618	87.95	$87.0
1986:Q1*	10.38%	3,290	1,323	615	73.01	$84.6
Q2*	9.95%	3,477	1,298	580	78.95	$78.7
Q3*	9.90%	3,587	1,226	532	77.67	$77.8
Q4*	9.42%	3,890	1,246	456	78.49	
1985	12.24%	3,214	1,166	576	86.41	$85.5
1986	9.91%	3,565	1,263	542	77.03	$79.8
Percent Change: 1985 to 1986	(2.33)% Percentage Points	10.9%	8.3%	(5.9)%	(10.9)%	(6.7)%
1985:Q4 to 1986:Q4	(1.86)% Percentage Points	11.1%	5.7%	(26.2)%	(10.8)%	(9.2)%

*Seasonally adjusted annual rates except for interest rates.

[a]Average yield for FHA 203b mortgages for immediate delivery. Source: U.S. Department of Housing and Urban Development.

[b]Source: National Association of Realtors.

[c]Source: U.S. Bureau of the Census

[d]Source: McGraw-Hill Information System Co., F. W. Dodge Division. Seasonally adjusted using U.S. Bureau of the Census seasonal factors.

[e]Source: U.S. Department of Commerce, Bureau of the Census

TABLE 3
TOTAL ORIGINATIONS OF LONG-TERM MORTGAGE LOANS

	Billion of Dollars		Percent Change	Percent of Total Originations		Percent of 1- to 4-Family Originations		Mortgage Bankers Share	
	1985	1986	1985 to 1986	1985	1986	1985	1986	1985	1986
Total One-to Four-Family	$243.1	$454.1	86.8%	63.4%	68.9%	100.0%	100.0%	26.0%	29.0%
FHA	$ 28.4	$ 62.0	118.3%	—	—	11.7%	13.7%	81.3%	85.3%
VA	$ 15.6	$ 30.9	98.1%	—	—	6.4%	6.8%	73.7%	85.1%
Conventional	$199.1	$361.1	81.4%	—	—	81.9%	79.5%	14.4%	14.5%
Multifamily	$ 31.9	$ 49.5	55.2%	8.3%	7.5%	—	—	8.6%	14.5%
Nonresidential	$ 99.4	$145.4	46.3%	25.9%	22.1%	—	—	3.1%	2.8%
Farm	$ 9.0	$ 9.8	8.9%	2.4%	1.5%	—	—	—	—
Total	$383.3	$658.7	71.8%	100.0%	100.0%	—	—	18.0%	21.7%

Source: U.S. Department of Housing and Urban Development, Survey of Mortgage Lending Activity

While single-family housing markets heated up in 1986, construction of new apartments and new commercial and industrial structures declined. Multifamily housing starts were down 26 percent from the fourth quarter of 1985 to the fourth quarter of 1986. Construction contracts for commercial and industrial buildings, measured in millions of square feet of space, declined 11 percent over the same period, while the value of construction of nonresidential buildings, measured in constant dollars, declined about 9 percent.

These declines in new construction were prompted by two factors, tax reform legislation and high vacancy rates. The likelihood of passage of major tax reform legislation increased as the year progressed, particularly after the Senate Finance Committee approved a bill in May. This legislation promised to greatly reduce the attractiveness of such investments through changes in tax law including the lengthening of depreciation periods, the repeal of the capital gains exclusion, and the limiting of the ability of investors, using pass-through investment vehicles such as limited partnerships, to shelter ordinary income with so-called passive losses.

In addition to pending tax reform legislation, several years of strong levels of construction had left apartment and office vacancy rates quite high by historical standards. This was particularly the case in states such as Texas, Oklahoma, Louisiana and Colorado, where expectations of robust future economic growth had been dashed by the steep decline in world oil prices.

However, while construction of these types of properties declined over the year, originations of long-term mortgage loans secured by multifamily properties increased 55 percent over the 1985 level while originations for nonresidential properties were up 46 percent. No doubt some of this increase reflects refinancings of these types of loans. And while there are no readily available sources of data on resales of such properties, it is also likely that some of this increase was due to turnover of the existing stock, which in many cases may have been induced by the increasing likelihood of tax reform.

III. The Average Firm in the Industry

A total of 180 mortgage banking firms provided usable responses to our 1986 survey, up from 163 for the 1985 survey. These 180 firms represent a diverse sample of the industry with significant variation in volume of originations, volume of servicing, income property loans originated as a percent of total originations, and type of ownership. The detailed tables in the back of this report provide average income statement and average balance sheet data, as well as other characteristics, for firms in these various categories. However, in this section, detailed information on the average firm in the sample is provided. For purposes of comparison, information is also provided for 78 firms that reported to both the 1985 and 1986 surveys, the repeat reporters. Note that in terms of originations, servicing portfolios, assets, and number of employees, the repeat reporters are on average about 50 percent larger than the average firm in the entire survey. Thus, comparisons between the survey average and the average of the repeat reporters shed some light on the relative performance of firms of different sizes.

Loan Production and Servicing

Table 4 provides information on the volume of in-

house loan originations, purchased production, and servicing portfolios for the average firm in the 1986 survey and for the repeat reporters. For 1986, the average firm had in-house one- to four-unit residential loan originations of $363.8 million, an increase of 80 percent over the 1985 volume. The number of loans closed increased by 67 percent while the average loan size increased 8 percent. Purchased production of one- to four-unit loans averaged $168.6 million. Information on purchased production was not gathered in the 1985 survey, so the percent change over the 1985 volume cannot be determined. Total one- to four-unit production, both in-house and purchased, for the average firm came to $532.4 million, with purchased production representing 32 percent of the total.

Income property originations for the average firm came to $72 million, about 90 percent of which was in-house production. The dollar volume of in-house income property originations for the average firm was about 9 percent below the 1985 volume. The number of loans increased, but the average loan size declined significantly. Overall, income property lending represented 12 percent of the average firm's total production.

The average firm in the survey had a servicing portfolio of $1.85 billion, comprised of 36,327 one- to four-unit loans and 273 income property loans. The servicing portfolio was up nearly 11 percent over the 1985 average. It is interesting to note that in 1985 the average firm had a 30 percent increase in in-house origination volume and a 25 percent increase in servicing portfolio. However, in 1986 in-house origination volume increased about 60 percent while servicing portfolio increased just 11 percent. Clearly, the large refinancing component of the 1986 origination volume played a role in holding down the growth of the average servicing portfolio. In fact, from the fourth quarter of 1985 to the

TABLE 4
CHARACTERISTICS OF THE AVERAGE FIRM IN THE 1986 SURVEY

	All Firms in the Survey	Percent Change From Year Earlier	Repeat Reporters	Percent Change From Year Earlier
Originations:				
1- to 4-Unit				
In-House				
Dollar (mils)	$ 363.8	80.3%	$ 530.6	78.4%
Number	4,951	67.2%	7,246	64.8%
Average loan size: (thous.)	$ 73.5	7.9%	$ 73.2	8.1%
Purchased Production				
Dollar (mils)	$ 168.8	—	$ 250.9	—
Number	2,467	—	3,618	—
Average loan size: (thous.)	$ 68.3	—	$ 69.3	—
Income Property:				
In-House				
Dollar (mils)	$ 64.3	(8.7)%	$ 111.7	32.2%
Number	27	12.5%	44	83.3%
Average loan size: (mils)	$ 2.4	(17.2)%	$ 2.5	(28.6)%
Purchased Production				
Dollar (mils)	$ 7.9	—	$ 13.8	—
Number	6	—	8	—
Average loan size: (thous.)	$ 1.3	—	$ 1.8	—
Loans Serviced:				
Dollar (mils)	$ 1,850	10.6%	$ 2,783	13.9%
Number 1- to 4-unit	36,327	3.3%	53,824	3.9%
Income Property	273	(15.5)%	364	(12.3)%

fourth quarter of 1986 total mortgage debt outstanding increased just 13 percent. However, these figures suggest that the industry was not a major net buyer of servicing portfolios in 1986 as was the case in 1985.

The average repeat reporting firm, with $530.6 million of in-house one- to four-unit originations, was considerably larger than the average firm in the entire 1986 sample. However, the percentage increase in in-house origination volume was comparable to that of the entire sample. Also, purchased one- to four-unit production represented 32 percent of total one- to four-unit production, the same as the sample average. For the average repeat reporter, income property lending represented about 14 percent of total lending, somewhat higher than for the sample average. The servicing portfolio of the average repeat reporter increased about 14 percent, a somewhat higher percentage increase than for the sample average.

For income property loans there is a significant difference between the repeat reporters and the entire sample. For repeat reporters, in-house income property originations increased 32 percent in 1986 to an average of $112 million. In terms of percentage increase, this is considerably less than the nearly 100 percent increase in income property lending for the mortgage banking industry, again suggesting considerable entry into the industry. The average number of in-house income property loans increased 83 percent to 44, with average loan size falling nearly 30 percent to $2½ million. However, for the entire survey in-house income property originations declined nearly 10 percent to an average of $64 million. This decline in income property originations is due in part to a significant increase in the proportion of firms in the 1986 sample that originated only one- to four-unit residential loans. (See Appendix A.)

The Balance Sheet

As shown in Table 5, the average assets of the average firm in the 1986 survey increased by 50 percent during 1986 to $139 million. The largest component of those assets, the inventory of loans in warehouse, increased 51 percent to $93 million. This increase reflects both a larger volume of originations and an increase in the average number of days in inventory to 59 in 1986 from 50 in 1985, likely in response to the favorable interest rate spreads and marketing environment. The average number of days in inventory for one- to four-unit loans increased to 82 in 1986 from 74 in 1985 while for income property loans average days in inventory increased to 12 in 1986 from 8 in 1985.

TABLE 5
BALANCE SHEET OF AVERAGE MORTGAGE BANKING FIRM: 1986
(dollars in thousands)

Assets	Dollars	Percent of Total	Percent Change From 1985	Liabilities and Net Worth	Dollar	Percent of Total	Percent Change From 1985
Average Assets	$138,667	100.0%	50.2%	Average Liabilities	$124,086	100.0%	54.2%
Total Inventory	$ 93,153	67.2%	50.6%	Current	$111,922	90.2%	49.6%
Other Non-current Assets	$ 25,577	18.4%	74.2%	Noncurrent	$ 12,174	9.8%	116.2%
Purchased Servicing	$ 9,673*	7.0%	—				
Real Estate Owned	$ 2,160	1.6%	54.7%	Average Equity	$ 14,571	100.0%	22.6%
Noninterest Earning Loans	932	0.7%	56.1%	Retained Earnings	5,491	37.7%	6.4%
				Paid-in Surplus	8,535	58.6%	37.8%
All Other	$ 16,845	12.1%	21.6%	Preferred and Common Stock	545	3.7%	(53.1)%

*End of year figure only.

Other noncurrent assets increased 74 percent during 1986 to $26 million, likely reflecting in part the trend of an increasing market for purchased servicing. While the unamortized value of purchased servicing was not collected in the 1985 survey, at the end of 1986 it stood at nearly $10 million for the average firm. Assuming an average price for purchased servicing of two percent of the amount of the portfolio, purchased servicing totaled $484 million or 26 percent of the total servicing portfolio of the average firm in the survey. Another factor in the growth of other noncurrent assets is the increase in acquisitions in the industry. In an acquisition that portion of the acquisition price allocated to good will is included in other noncurrent assets as is the value of the acquired firm's servicing portfolio. Real estate owned through foreclosure and non-interest earning loans increased 55 percent and 56 percent, respectively, reflecting the increasing delinquency and foreclosure problems faced by the industry. All other assets, including receivables, marketable securities, property, equipment and leasehold improvements, and cash, increased 22 percent to nearly $17 million.

The increase in assets was funded by a 54 percent increase in average liabilities to $124 million and a 23 percent increase in average equity to $14.6 million. Thus, leverage (average assets divided by average equity) increased to 9.52 in 1986 from 7.77 in 1985, an increase of 22.5 percent. Current liabilities, defined as having a maturity of less than one year, increased 50 percent to $112 million during the year as issues of commercial paper and lines of credit were expanded to fund the increase in volume of loans in warehouse. Noncurrent liabilities increased 116 percent to $12.2 million, likely due in part to longer-term financings of acquisitions and purchased servicing. As in the past two years, the bulk of the increase in equity was paid-in surplus, which increased 38 percent during 1986. This continued strong growth in equity reflects the industry wide effort to increase capital to fund acquisitions of purchased servicing and increases in origination volume.

Table 6 presents the average balance sheet for the repeat reporters. Average assets increased 62 percent to $213 million. Total inventory increased about 59 percent to $135 million, representing about 64 percent of total assets compared to 67 percent for the entire survey. Average days in inventory for all loans increased just one day to 55 for the repeat reporters, somewhat lower than the survey average of 59 days. Average days in inventory for one- to four-unit loans for the repeat reporters was 84 in 1986, up from 82 in 1985 and two days higher than for the entire 1986 survey. Average days in inventory for income property loans was 9, up from 7 in 1985 but three days less than the survey average.

TABLE 6
AVERAGE BALANCE SHEET OF REPEAT REPORTING FIRMS: 1986
(dollars in thousands)

Assets	Dollars	Percent of Total	Percent Change From 1985	Liabilities and Net Worth	Dollar	Percent of Total	Percent Change From 1985
Average Assets	$212,897	100.0%	61.8%	Average Liabilities	$189,372	100.0%	65.9%
Total Inventory	$135,120	63.5%	59.2%	Current	$163,804	86.5%	54.9%
Other Non-current Assets	$ 45,215	21.2%	88.8%	Noncurrent	$ 25,568	13.5%	203.8%
Purchased Servicing	$ 15,447*	7.3%	—				
Real Estate Owned	$ 3,715	1.7%	71.4%	Average Equity	$ 23,525	100.0%	34.7%
Noninterest Earning Loans	$ 1,990	0.9%	73.0%	Retained Earnings	$ 7,826	33.3%	18.7%
All Other	$ 26,857	12.6%	37.9%	Paid-in Surplus	$ 15,284	65.0%	46.7%
				Preferred and Common Stock	$ 416	1.8%	(6.9)%

*End of year figure only.

Other noncurrent assets increased nearly 90 percent in 1986 for the repeat reporters compared to 74 percent for the entire survey. Moreover, noncurrent assets represented about 21 percent of total assets for this group compared to about 18 percent for the survey average. On the other hand, unamortized purchased servicing represented roughly the same proportion of total assets for both groups, about 7 percent.

Real estate owned, noninterest earnings loans, and all other assets increased considerably faster in 1986 for the repeat reporters than the survey average. However, these asset categories represented roughly the same proportions of total assets for both groups.

Average liabilities for the repeat reporters increased 66 percent to $189 million. Noncurrent or longer-term liabilities increased about 200 percent compared to a 55 percent increase in current liabilities. For the survey average noncurrent liabilities increased about twice as fast as current liabilities and represented about 10 percent of total liabilities. For the repeat reporters noncurrent assets increased about four times faster than current liabilities and represented nearly 14 percent of total liabilities.

For the repeat reporters average equity was about $24 million, up 35 percent over 1985. Paid-in surplus, which increased 47 percent in 1986 for this group of firms, represented 65 percent of total equity compared to about 60 percent for the survey average. As with the survey average, leverage increased for the repeat reporters to 9.05 in 1986 from 7.54 in 1985. However, the percentage increase and actual level in 1986 were lower for the repeat reporters than for the survey average.

The Income Statement

As shown in Table 7, total income for the average firm increased 47 percent in 1986 to $28.7 million. The gross return from the assets held by the average firm declined somewhat during 1986. Asset turnover was 20.7 percent, meaning that every dollar of assets yielded 20.7 cents of gross income. In 1985, asset turnover was 21.2 percent. With assets of nearly $140 million, that 0.5 percentage point decline in asset turnover represents a loss of about $700,000 of gross income for the average firm.

On the other hand, some decline in asset turnover is to be expected under the circumstances; in fact, this ratio would have declined further were it not for extremely large increases in marketing income. While

TABLE 7
ASSET TURNOVER IN 1986
(dollars in thousands)

	All Firms in the Survey		Repeat Reporters	
	Dollar	Percent Change From 1985	Dollar	Percent Change From 1985
Average Assets	$138,667	50.2%	$212,897	61.8%
Total Income	$ 28,684	46.5%	$ 43,546	51.8%
Asset Turnover (percent)	20.69%	(2.5)%	20.45%	(6.2)%
Loan Administration Income	$ 6,763	11.4%	$ 10,302	16.4%
As a Percentage of Average Assets	4.88%	(25.8)%	4.84%	(28.0)%
Loan Origination Income Excluding Gain or Loss on Mortgages Sold	$ 5,428	49.5%	$ 7,913	52.1%
As a Percentage of Average Assets	3.91%	(0.5)%	3.72%	(5.8)%
Gain or Loss on Mortgages Sold	$ 3,493	303.3%	$ 4,510	253.7%
As a Percentage of Average Assets	2.52%	168.1%	2.12%	118.6%
Interest	$ 11,803	52.0%	$ 18,555	62.6%
As a Percentage of Average Assets	8.51%	1.2%	8.72%	0.6%
Other	$ 1,197	(4.1)%	$ 2,267	15.8 %
As a Percentage of Average Assets	0.90%	(35.7)%	1.06%	(28.9)%

average assets increased by 50 percent, loan administration income, which represents nearly one-quarter of gross income for the average firm, increased 11 percent. As noted, while origination volume increased markedly, roughly 40 percent of that volume was refinancing, resulting in a considerably smaller increase in mortgage debt outstanding. The dollar volume of all loans serviced by the average mortgage banking firm in our survey increased 11 percent.

Loan origination income and interest income both increased about 50 percent, in line with the increase in assets, so that the ratios of those income categories to average assets were comparable to 1985 levels. Loan administration income averaged 37 basis points of the entire servicing portfolio, about the same as in 1985. Marketing income for the average firm increased 300 percent, reflecting the declining interest rate environment of 1986.

Other factors were also at work to reduce asset turnover in 1986. Real estate owned and noninterest earning loans increased slightly as percentages of total assets. Also, servicing resulting from in-house production is not included as an asset in the firm's balance sheet whereas the value of purchased servicing is included. As sales volume in the secondary servicing market increases, as it appears to have in 1986, a greater portion of the average firm's servicing portfolio is likely to be purchased servicing and therefore appear on the balance sheet. This means that for a given income level a larger stock of balance-sheet assets is employed, reducing asset turnover.

For the repeat reporters, asset turnover was somewhat lower in 1986 and also experienced a greater percentage decline than for the entire survey. This is due in part to slightly higher proportions of assets in the form of real estate owned through foreclosure and noninterest earning loans.

Another interesting distinction between the repeat reporters and the survey average is that while total in-house loan production increased by 68 percent for repeat reporters compared to 57 percent for the survey average, gain or loss on mortgages sold increased significantly more for the entire survey. In contrast, interest income increased significantly more for the repeat reporters. Follow up phone calls to several of the larger repeat reporters suggests that firms have been selling loans at somewhat below market prices and thereby creating excess servicing income. In fact, for repeat reporters other interest income increased 125 percent in 1986. The capitalized value of this excess servicing

TABLE 8
MAJOR EXPENSE CATEGORIES: 1986
(dollars in thousands)

	Survey Average		Repeat Reporters	
	Dollar	Percent Change From 1985	Dollar	Percent Change From 1985
Total Income	$28,684	46.5%	$43,546	51.8%
Total Expenses	$25,088	44.4%	$37,951	49.3%
Personnel Expenses	$ 8,061	42.2%	$11,615	42.2%
Number of Employees	269	24.0%	388	27.2%
Loans Closed/Orig. Employee	34	6.3%	34	9.7%
Loans Serviced/Loan Admin. Employee	533	(7.9)%	562	(8.3)%
Net Operating Income/Employee	$ 13.3	31.7%	$ 14.4	33.3%
Nonpersonnel Expenses	$17,028	45.4%	$26,335	52.7%
Interest Expenses	$ 8,458	56.6%	$13,030	62.5%
Amortization-Purchased Servicing	$ 1,385	21.4%	$ 2,140	24.6%
Provision for Loan Losses	$ 878	48.8%	$ 1,592	81.1%
All Other	$ 6,307	37.9%	$ 9,574	44.5%
Net Operating Income	$ 3,596	63.1%	$ 5,595	70.6%
Net Nonrecurring Gain (Loss)	$ 109	(60.8)%	$ 153	(42.7)%
Taxes on Income	$ 1,682	48.5%	$ 2,610	57.9%
Net Income	$ 2,023	49.9%	$ 3,139	65.9%
Profit Margin	7.05	2.3%	7.21	9.4%

income is reported on the balance sheet as other noncurrent assets, helping to explain the large increases in this item. The growth of this practice also helps to explain the drop of asset turnover since a portion of assets are converted from producing current income to producing a stream of income into the future.

As shown in Table 8, while total income increased about 47 percent, total expenses for the average firm in the survey increased 44 percent to $25.1 million in 1986. This is the first time since 1983 that income rose faster than expenses and explains the improvement in profit margin from 6.89 percent in 1985 to 7.05 percent in 1986. Total income increased faster than expenses for the repeat reporters as well. This group experienced even greater improvement in profit margin, with this key ratio rising 9.4 percent to 7.21.

Personnel expenses, which represent about one-third of total expenses, increased 42 percent for both the survey average and the repeat reporters. As is typically the case when a firm experiences a significant increase in output, productivity increased in 1986. The number of loans closed per origination employee increased from 32 in 1985 to 34 in 1986 for the average firm in the survey. For the repeat reporters, loans closed per origination employee increased from 31 to 34. Loans serviced per loan administration employee declined in 1986 as staff was added to handle the significant turnover of the typical servicing portfolio and the increasing incidence of delinquency and foreclosure. Overall, while in-house loan production increased 57 percent for the average firm in the survey, the number of employees increased just 24 percent.

Nonpersonnel expenses generally increased faster than personnel expenses. Interest expenses, which represent another third of total expenses, increased 57 percent for the average firm in the survey and 63 percent for the repeat reporters. These percentage increases in interest expense are greater than the increases in loan inventories, despite a downward trend in interest rates over the course of the year, due to increases in leverage.

Another fast increasing expense item was provision for loan losses, up 49 percent in 1986 for the average firm in the survey and up nearly 430 percent since 1983. Amortization of purchased servicing increased 21 percent for the entire survey and 25 percent for the repeat reporters.

As shown in Table 9, profitability, as measured by return on equity, increased in the mortgage banking industry in 1986 after having declined during the previous two years. Return on average equity (net income after taxes as a percent of the average of beginning of year and end of year equity) for the average firm in our survey increased to 13.9 percent compared to 11.4 percent in 1985. While fluctuating from a high of 22.5 percent in 1983 to a low of 11.4 percent in 1985, return on equity in the industry has averaged 16.2 percent over the past five years. For the repeat reporters return on equity increased to 13.3 percent from 10.8 percent in 1985.

Return on average assets (net income after taxes as a percent of the average of beginning of year and end of year assets) was 1.46 percent in 1986, unchanged from 1985. The five year average return assets was 2.01 percent. Note that even though the profit margin for the average firm increased, this improvement was offset by the decline in asset turnover and the increase in leverage which boosted interest expense. Return on average assets is intended to measure the productivity of the firm's assets regardless of the manner in which those assets are funded. However, an inherent weakness in this ratio is that a firm with a low leverage ratio is likely to have a higher return on assets than a firm with a high leverage ratio since interest expense would be lower. Given the fact that the average firm's leverage ratio increased during 1986, the comparison between the 1985 and 1986 return on assets is not strictly valid.

TABLE 9
Measures of Profitability: 1985 and 1986

	Survey Average		Repeat Reporters	
	1986	1985	1986	1985
Profit Margin	7.05%	6.89%	7.21%	6.59%
Asset Turnover	20.7%	21.2%	20.5%	21.8%
Return on Assets	1.46%	1.46%	1.47%	1.44%
Leverage	9.52	7.77	9.05	7.54
Return on Equity	13.88%	11.36%	13.34%	10.84%
Gross Return on Average Assets	4.75%	4.62%	4.78%	4.73%

An alternative ratio, gross return on average assets, adds interest expense net of taxes to net income to compute an earnings rate on all assets without considering how a firm funds those assets. Estimates of that ratio are 4.75 percent in 1986 and 4.62 percent in 1985 (See Appendix B). Levels for the repeat reporters are comparable to those of the entire survey.

Summary

Overall, 1986 was a good year for the mortgage banking industry. Through rapid expansion of existing firms as well as the entry of new firms, the industry was able to meet a tremendous surge in demand for mortgage credit. At the same time efficiency was improved so that profit margins and return on equity tended to increase. The industry was able to attract sufficient amounts of debt and equity capital to fund this significant increase in activity.

At the same time, there are some disturbing trends evident in the statistics that do not bode well for the industry in the immediate future. A major contributor to the favorable performance of 1986 was the unusually large gains on the sale of closed loans resulting from a generally downward trend in interest rates over the course of the year. Gains of this magnitude are unlikely to be realized in 1987 as interest rates have increased over most of the year. Further increases in interest rates are expected in 1988.

Secondly, delinquency and foreclosure problems continue to burden the industry. Nonperforming loans and real estate owned through foreclosure increased dramatically in 1986 and nothing has occurred thus far in 1987 to suggest that these problems will diminish anytime soon. Finally, mortgage origination volume in 1987 and 1988 is likely to be one-quarter to one-third below the 1986 volume. This suggests that there is some overcapacity in the industry which typically leads to even more intense competition as well as additional costs involved in scaling back operations.

COMPARATIVE INCOME STATEMENT—1986

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Table 1.01

COMPARATIVE INCOME STATEMENT—1986

By Millions of Dollars of Mortgage Loans Closed

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	Over $1,000	Income Statement Account
						INCOME:
						Loan Administration
36.0%	23.0%	23.4%	13.1%	20.3%	20.6%	Servicing Fees, 1st Mtg. Loans
0.1	0.0	0.5	0.0	0.1	0.2	Servicing Fees, Non-1st Mtg. Loans
7.7	3.5	3.0	2.0	3.1	3.3	Other Loan Admin. Income
43.8%	**26.5%**	**26.9%**	**15.1%**	**23.5%**	**24.1%**	**Loan Administration Income**
						Loan Origination
1.7%	3.2%	0.8%	0.9%	1.6%	0.4%	Brokerage Fees
9.2	16.5	10.0	12.1	14.6	11.0	Gain or (Loss) on Mtgs. Sold (Gross)
3.7	7.2	7.2	5.9	5.8	6.3	FHA & VA 1% Fees, 1- to 4-unit
4.2	10.6	6.4	5.7	7.0	6.5	Conventional Fees, 1- to 4-unit
0.6	0.9	0.3	1.0	0.1	0.1	Multiunit Fees
0.9	0.6	1.4	0.8	1.6	0.7	Nonresidential Fees
0.7	0.8	1.8	2.7	1.3	0.6	Land Development & Const. Fees
1.8	2.5	3.0	1.9	2.1	3.4	All Other Loan Origination Income
22.8%	**42.3%**	**30.9%**	**31.0%**	**34.1%**	**29.0%**	**Loan Origination Income**
						Interest
18.9%	22.9%	27.1%	30.2%	30.0%	25.2%	Inventory of First Mortgages
3.6	2.2	10.8	12.5	5.6	6.0	Construction Loans
3.3	1.8	2.4	8.5	2.1	11.1	Other Interest Income
25.8%	**26.9%**	**40.3%**	**51.2%**	**37.7%**	**42.3%**	**Interest Income**
4.6%	**0.8%**	**0.5%**	**0.5%**	**1.4%**	**0.8%**	**Insurance Commissions**
0.3%	**0.3%**	**0.0%**	**0.2%**	**0.1%**	**0.2%**	**Property Management Income**
3.2%	**0.1%**	**0.0%**	**0.4%**	**0.3%**	**0.0%**	**Real Estate Commissions**
(0.5)%	**2.9%**	**1.3%**	**1.5%**	**3.0%**	**3.7%**	**Other Income**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL INCOME**
						EXPENSES:
						Personnel
9.5%	6.3%	4.9%	2.9%	4.6%	3.7%	Loan Administration
10.7	16.6	16.4	13.2	16.9	15.0	Loan Origination
0.6	0.2	0.1	0.1	0.5	0.1	Insurance
0.1	0.1	0.1	0.2	0.0	0.0	Property Management
0.0	0.5	0.0	0.1	0.2	0.0	Real Estate
2.2	2.5	1.7	1.1	1.5	1.1	Management
6.8	4.8	4.2	4.3	3.7	2.4	All Other Personnel
0.5	1.1	0.3	0.3	0.2	0.0	Director's Fees
3.6	4.1	3.5	2.8	3.5	3.2	Employee Benefits & Expense
34.0%	**36.2%**	**31.2%**	**25.0%**	**31.1%**	**25.5%**	**Total Personnel Expense**
						Nonpersonnel Expense
18.9%	19.9%	30.9%	37.5%	27.0%	29.5%	Interest Expense
3.6	3.6	3.1	2.7	2.9	2.5	Occupancy
3.3	2.8	1.7	1.5	1.9	1.9	Electronic Data Processing
1.5	1.1	1.0	0.7	1.1	1.0	Other Equipment Rental
4.8	4.5	3.6	3.2	4.4	3.6	Office Supplies
1.1	0.8	0.8	0.6	0.8	0.8	Travel & Entertainment
0.4	0.5	0.5	0.3	0.4	0.2	Automobile
0.5	0.7	0.3	0.5	0.3	0.3	Advertising
1.0	1.0	0.7	0.7	0.7	0.7	Loan Processing
3.0	0.7	0.3	0.4	0.3	0.9	Brokerage Commissions
0.4	2.7	1.0	0.9	1.0	1.4	Commitment & Auction Fees
1.4	1.5	0.7	0.7	0.8	0.7	Legal & Auditing Fees
11.2	4.1	2.5	3.0	5.4	5.2	Amortization-Purchased Servicing
0.8	0.7	1.1	0.2	0.2	0.3	Real Estate & Property Management
0.4	0.4	0.4	0.1	0.3	0.1	Fees for GNMA Pools
2.0	1.8	2.9	4.4	2.5	3.1	Provision for Loan Losses
10.1	5.8	7.1	6.8	5.1	8.2	All Other Operating Expenses
64.4%	**52.6%**	**58.6%**	**64.2%**	**55.1%**	**60.4%**	**Total Nonpersonnel Expense**
98.4%	**89.0%**	**89.9%**	**89.3%**	**86.3%**	**85.7%**	**TOTAL EXPENSES**
1.6%	**11.0%**	**10.1%**	**10.7%**	**13.7%**	**14.3%**	**Net Operating Income**
1.4%	**(0.5)%**	**1.4%**	**0.7%**	**0.3%**	**0.1%**	**Net Nonrecurring Gain (Loss)**
2.0%	**3.7%**	**5.2%**	**5.4%**	**6.7%**	**6.3%**	**Taxes on Income**
1.0%	**6.8%**	**6.3%**	**6.0%**	**7.3%**	**8.1%**	**NET INCOME**
43	31	28	29	31	18	Number of Firms Reporting

COMPARATIVE INCOME STATEMENT—1986

By Millions of Dollars of Mortgage Loans Serviced

Table 1.02

MBA Chart of Accounts Account Number	Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 or More	All Reporting Firms	Your Firm
—	4.8%	14.3%	20.8%	18.3%	16.5%	26.7%	20.2%	
—	0.0	0.1	0.3	0.1	0.1	0.2	0.1	
—	0.8	2.3	2.8	2.6	2.1	4.9	3.2	
3100	**5.6%**	**16.7%**	**23.9%**	**20.0%**	**18.7%**	**31.8%**	**23.5%**	
3210	3.0%	4.8%	0.9%	1.5%	0.7%	0.4%	1.0%	
3250	23.8	18.3	9.0	17.4	8.7	11.5	12.2	
3224	9.4	9.0	6.3	6.8	5.3	5.7	6.1	
3225	4.7	7.7	9.5	7.7	5.7	6.1	6.6	
—	0.9	0.9	0.3	0.4	0.3	0.2	0.3	
3221	0.4	1.6	0.7	1.7	1.0	0.8	1.0	
3222	2.0	0.7	1.7	1.6	1.4	0.7	1.2	
3280	3.7	3.1	3.0	2.7	3.1	2.1	2.7	
3200	**48.0%**	**46.1%**	**31.4%**	**39.8%**	**26.2%**	**27.5%**	**31.1%**	
3310	40.2%	25.7%	25.0%	29.5%	25.3%	26.5%	27.0%	
3320	0.7	6.0	10.4	7.4	6.9	7.2	7.1	
3340	0.4	1.6	4.4	0.9	16.1	4.0	7.0	
3300	**41.3%**	**33.3%**	**39.8%**	**37.8%**	**48.3%**	**37.7%**	**41.1%**	
3400	**0.0%**	**2.7%**	**0.5%**	**0.8%**	**1.1%**	**1.1%**	**1.0%**	
3700	**0.2%**	**0.5%**	**0.1%**	**0.3%**	**0.0%**	**0.2%**	**0.1%**	
3600	**3.3%**	**0.2%**	**0.0%**	**0.5%**	**0.2%**	**0.0%**	**0.3%**	
3800	**1.6%**	**0.4%**	**4.1%**	**0.0%**	**5.5%**	**1.7%**	**2.7%**	
3000	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
—	2.1%	3.8%	4.4%	4.2%	3.6%	5.0%	4.2%	
—	13.4	19.0	15.8	18.0	13.5	14.8	15.2	
—	0.0	0.7	0.0	0.2	0.4	0.1	0.2	
—	0.0	0.2	0.1	0.1	0.1	0.0	0.1	
—	0.0	0.0	0.2	0.2	0.1	0.0	0.1	
—	2.1	2.5	1.9	1.7	1.2	1.0	1.4	
—	5.0	4.2	5.8	5.0	3.0	2.4	3.5	
4118	1.3	0.8	0.1	0.3	0.2	0.0	0.2	
4120	2.3	3.6	4.2	3.4	2.9	3.5	3.3	
—	**26.2%**	**34.8%**	**32.5%**	**33.1%**	**25.0%**	**26.8%**	**28.2%**	
4280	34.9%	25.3%	29.9%	27.2%	36.7%	24.1%	29.5%	
4130	3.7	3.0	3.1	3.0	2.4	2.8	2.8	
4160	1.3	2.0	1.8	2.0	1.8	2.1	1.9	
4153	0.6	1.0	1.3	0.8	0.9	1.2	1.0	
4170	2.7	3.7	4.0	4.0	3.9	3.8	3.9	
4180	0.7	0.8	0.9	0.8	0.7	0.8	0.8	
4190	0.4	0.5	0.4	0.5	0.3	0.2	0.3	
4220	0.5	0.7	0.3	0.5	0.3	0.3	0.4	
—	1.8	0.4	0.8	0.6	0.8	0.6	0.7	
4240	4.1	0.3	0.7	0.4	0.1	1.0	0.7	
—	0.7	2.3	0.6	1.8	1.7	0.6	1.3	
4210	0.9	1.1	1.0	0.7	0.7	0.8	0.8	
4270	0.6	1.2	2.9	2.3	3.7	8.4	4.8	
—	0.1	0.2	0.3	0.2	0.6	0.3	0.4	
—	0.0	0.4	0.4	0.1	0.2	0.1	0.2	
—	0.0	0.2	2.3	2.4	4.1	3.3	3.1	
—	8.1	6.5	4.9	5.9	5.5	9.6	7.1	
—	**61.1%**	**49.6%**	**55.3%**	**53.2%**	**64.4%**	**60.0%**	**59.7%**	
4000	**87.5%**	**84.5%**	**88.2%**	**86.3%**	**89.2%**	**86.7%**	**87.5%**	
—	**12.5%**	**15.5%**	**11.8%**	**13.7%**	**10.8%**	**13.3%**	**12.5%**	
—	**0.0%**	**1.5%**	**0.6%**	**0.7%**	**0.4%**	**0.1%**	**0.4%**	
4400	**6.4%**	**6.3%**	**5.8%**	**6.8%**	**5.0%**	**6.1%**	**5.9%**	
—	**6.1%**	**10.7%**	**6.6%**	**7.6%**	**6.2%**	**7.4%**	**7.1%**	
	33	26	39	37	28	17	180	

Table 1.03

COMPARATIVE INCOME STATEMENT—1986

By Percent of Income Property Loans Closed to Total Loans Closed

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Income Property	Income Statement Account
						INCOME:
						Loan Administration
19.2%	20.4%	25.5%	17.9%	19.4%	16.0%	Servicing Fees, 1st Mtg. Loans
0.1	0.1	0.3	0.2	0.0	0.5	Servicing Fees, Non-1st Mtg. Loans
3.0	3.8	3.0	3.1	4.2	0.4	Other Loan Admin. Income
22.3%	**24.3%**	**28.8%**	**21.2%**	**23.6%**	**16.9%**	**Loan Administration Income**
						Loan Origination
0.6%	1.4%	0.5%	1.4%	1.0%	13.0%	Brokerage Fees
15.5	14.0	9.0	5.4	3.7	1.2	Gain or (Loss) on Mtgs. Sold (Gross)
6.7	9.1	4.4	4.8	1.8	0.0	FHA & VA 1% Fees, 1- to 4-unit
7.1	6.1	8.3	3.6	5.6	0.0	Conventional Fees, 1- to 4-unit
0.0	0.2	0.5	1.2	1.4	0.3	Multiunit Fees
0.0	0.8	1.6	2.2	3.2	14.5	Nonresidential Fees
0.5	1.3	0.4	4.0	3.3	3.6	Land Development & Const. Fees
2.8	1.2	2.4	1.3	6.3	10.7	All Other Loan Origination Income
33.2%	**34.1%**	**27.1%**	**23.9%**	**26.3%**	**43.3%**	**Loan Origination Income**
						Interest
29.9%	21.6%	32.1%	26.1%	14.9%	1.7%	Inventory of First Mortgages
3.0	5.7	2.6	18.6	30.2	12.6	Construction Loans
8.0	12.1	1.5	6.1	1.9	7.7	Other Interest Income
40.9%	**39.4%**	**36.2%**	**50.8%**	**47.0%**	**22.0%**	**Interest Income**
0.6%	**1.7%**	**1.4%**	**0.8%**	**0.2%**	**9.1%**	**Insurance Commissions**
0.0%	**0.1%**	**0.6%**	**0.0%**	**0.1%**	**2.8%**	**Property Management Income**
0.3%	**0.4%**	**0.4%**	**0.0%**	**0.0%**	**1.7%**	**Real Estate Commissions**
2.7%	**0.1%**	**5.3%**	**3.2%**	**2.8%**	**4.1%**	**Other Income**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL INCOME**
						EXPENSES:
						Personnel
4.2%	4.2%	4.5%	3.8%	4.3%	3.0%	Loan Administration
14.1	19.5	15.7	14.7	12.5	10.2	Loan Origination
0.1	0.4	0.4	0.1	0.0	2.3	Insurance
0.0	0.0	0.1	0.3	0.0	1.1	Property Management
0.0	0.3	0.2	0.0	0.0	0.1	Real Estate
1.2	1.2	1.0	1.6	2.5	4.3	Management
4.0	2.6	3.4	3.6	1.8	8.6	All Other Personnel
0.2	0.2	0.1	0.1	0.0	3.2	Directors' Fees
3.1	3.4	3.7	3.4	3.1	5.3	Employee Benefits & Expense
26.9%	**31.8%**	**29.1%**	**27.6%**	**24.2%**	**38.1%**	**Total Personnel Expense**
						Nonpersonnel Expense
30.7%	27.0%	25.1%	34.0%	33.0%	12.3%	Interest Expense
2.8	2.7	2.7	2.8	2.6	3.4	Occupancy
1.8	1.6	2.8	2.1	1.5	1.4	Electronic Data Processing
1.0	1.0	1.5	0.8	0.5	0.7	Other Equipment Rental
3.8	4.6	3.9	3.7	2.8	2.7	Office Supplies
0.7	0.9	0.8	0.6	0.8	2.1	Travel & Entertainment
0.3	0.3	0.3	0.5	0.2	1.1	Automobile
0.3	0.4	0.4	0.4	0.3	0.4	Advertising
0.8	0.6	0.4	1.5	0.1	0.6	Loan Processing
1.3	0.0	0.1	0.1	0.0	3.0	Brokerage Commissions
1.8	0.6	0.5	0.3	1.4	0.0	Commitment & Auction Fees
0.8	0.8	0.7	0.6	0.8	1.4	Legal & Auditing Fees
4.6	5.5	5.0	5.2	3.7	4.8	Amortization-Purchased Servicing
0.3	0.4	0.1	1.0	0.2	0.1	Real Estate & Property Management
0.2	0.3	0.2	0.1	0.0	0.0	Fees for GNMA Pools
2.7	1.5	4.9	4.8	2.9	1.9	Provision for Loan Losses
7.1	6.0	8.8	6.1	7.0	6.9	All Other Operating Expense
61.0%	**54.2%**	**58.2%**	**64.6%**	**57.8%**	**42.8%**	**Total Nonpersonnel Expense**
88.0%	**86.0%**	**87.4%**	**92.2%**	**82.1%**	**81.1%**	**TOTAL EXPENSES**
12.0%	**14.0%**	**12.6%**	**7.8%**	**17.9%**	**18.9%**	**Net Operating Income**
0.2%	**0.4%**	**0.6%**	**0.9%**	**0.0%**	**0.8%**	**Net Nonrecurring Gain (Loss)**
5.7%	**6.6%**	**5.6%**	**4.0%**	**8.0%**	**5.9%**	**Taxes on Income**
6.5%	**7.9%**	**7.6%**	**4.7%**	**9.9%**	**13.8%**	**NET INCOME**
102	23	17	15	11	12	Number of Firms Reporting

COMPARATIVE INCOME STATEMENT—1986

Table 1.04

By Percent of Income Property Loans Serviced to Total Loans Serviced

0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 89.9%	90% to 100%	All Reporting Firms	Your Firm
15.6%	23.4%	23.4%	24.9%	13.6%	19.1%	20.2%	
0.0	0.1	0.1	0.5	0.0	0.5	0.1	
1.7	4.3	4.6	3.3	2.3	0.2	3.2	
17.3%	**27.8%**	**28.1%**	**28.7%**	**15.9%**	**19.8%**	**23.5%**	
1.2%	0.6%	0.6%	0.4%	2.4%	3.4%	1.0%	
16.6	14.1	12.1	9.4	3.3	3.9	12.2	
6.8	6.9	7.9	4.5	2.9	0.0	6.1	
8.1	5.8	5.7	8.4	4.0	0.9	6.6	
0.0	0.1	0.4	0.1	1.4	3.4	0.3	
0.0	0.0	0.7	2.0	2.3	22.4	1.0	
0.3	0.7	1.1	1.1	4.8	0.0	1.2	
3.7	1.4	1.6	2.5	4.0	12.4	2.7	
36.7%	**29.6%**	**30.1%**	**28.4%**	**25.1%**	**46.4%**	**31.1%**	
29.4%	29.0%	24.0%	31.4%	18.9%	3.8%	27.0%	
0.4	6.8	2.9	5.6	32.1	0.3	7.1	
12.4	2.5	8.7	3.3	5.1	7.5	7.0	
42.2%	**38.3%**	**35.6%**	**40.3%**	**56.1%**	**11.6%**	**41.1%**	
0.4%	**1.2%**	**1.9%**	**0.7%**	**0.2%**	**10.1%**	**1.0%**	
0.0%	**0.0%**	**0.2%**	**0.4%**	**0.1%**	**3.1%**	**0.1%**	
0.0%	**0.3%**	**0.4%**	**0.0%**	**1.0%**	**1.8%**	**0.3%**	
3.2%	**2.7%**	**3.8%**	**1.4%**	**1.5%**	**7.2%**	**2.7%**	
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
3.5%	4.9%	4.7%	4.8%	3.1%	3.8%	4.2%	
14.5	15.0	16.0	17.1	13.2	14.3	15.2	
0.0	0.3	0.5	0.1	0.0	2.5	0.2	
0.0	0.0	0.1	0.0	0.2	1.2	0.1	
0.0	0.2	0.2	0.0	0.0	0.1	0.1	
1.5	1.2	1.0	1.0	2.0	5.2	1.4	
4.3	3.1	3.5	3.5	2.1	8.7	3.5	
0.3	0.2	0.2	0.0	0.0	3.5	0.2	
2.9	3.5	3.5	4.1	2.4	5.6	3.3	
27.0%	**28.4%**	**29.7%**	**30.6%**	**23.0%**	**44.9%**	**28.2%**	
33.3%	28.0%	24.2%	25.4%	39.7%	3.4%	29.5%	
2.5	3.0	2.7	3.0	2.5	4.0	2.8	
1.7	1.7	1.8	3.1	1.5	2.2	1.9	
1.0	1.0	1.1	1.5	0.5	0.3	1.0	
3.6	4.5	4.1	4.0	2.7	3.0	3.9	
0.6	0.9	0.8	0.8	0.7	2.2	0.8	
0.4	0.2	0.3	0.4	0.3	1.1	0.3	
0.4	0.3	0.4	0.3	0.4	0.4	0.4	
0.8	0.9	0.6	0.5	0.9	0.6	0.7	
0.4	1.6	0.3	0.1	0.8	3.3	0.7	
2.6	0.5	0.8	0.4	1.0	0.0	1.3	
0.6	1.1	0.7	0.7	0.8	1.4	0.8	
3.3	7.8	4.5	5.0	3.2	4.7	4.8	
0.2	0.4	0.6	0.3	0.3	0.1	0.4	
0.2	0.3	0.1	0.1	0.1	0.0	0.2	
1.2	4.5	1.8	4.1	5.3	(0.2)	3.1	
5.[illegible]	7.9	6.8	8.4	6.7	9.0	7.1	
58.6%	**64.6%**	**51.6%**	**58.1%**	**67.4%**	**35.5%**	**59.7%**	
85.7%	**92.8%**	**81.4%**	**88.7%**	**90.4%**	**80.4%**	**87.5%**	
14.3%	**7.2%**	**18.6%**	**11.3%**	**9.6%**	**19.6%**	**12.5%**	
0.3%	**0.1%**	**0.3%**	**0.7%**	**0.8%**	**0.9%**	**0.4%**	
6.5%	**4.3%**	**7.8%**	**5.1%**	**4.9%**	**9.1%**	**5.9%**	
8.1%	**2.9%**	**11.1%**	**7.0%**	**5.5%**	**11.4%**	**7.1%**	
67	28	35	21	17	12	180	

Table 1.05 **COMPARATIVE INCOME STATEMENT—1986**

By Type of Ownership

Bank Holding Company Controlled	S&L Subsidiary	Privately Held	All Others	All Reporting Firms	Your Firm	Income Statement Account
						INCOME:
						Loan Administration
17.7%	**23.1%**	**20.8%**	**23.7%**	**20.2%**	_____	Servicing Fees, 1st Mtg. Loans
0.0	0.3	0.2	0.3	0.1	_____	Servicing Fees, Non-1st Mtg. Loans
3.1	4.6	3.2	2.9	3.2	_____	Other Loan Admin. Income
20.8%	**28.0%**	**24.2%**	**26.9%**	**23.5%**	_____	**Loan Administration Income**
						Loan Origination
0.8%	0.5%	4.2%	0.3%	1.0%	_____	Brokerage Fees
10.4	22.0	17.0	10.5	12.2	_____	Gain or (Loss) on Mtgs. Sold (Gross)
5.4	5.7	10.5	6.0	6.1	_____	FHA & VA 1% Fees, 1- to 4-unit
5.9	9.7	5.3	7.2	6.6	_____	Conventional Fees, 1- to 4-unit
0.4	0.0	0.8	0.2	0.3	_____	Multiunit Fees
1.0	1.0	1.5	0.8	1.0	_____	Nonresidential Fees
1.8	0.4	0.7	0.6	1.2	_____	Land Development & Const. Fees
2.6	2.2	3.4	2.7	2.7	_____	All Other Loan Origination Income
28.3%	**41.5%**	**43.5%**	**28.2%**	**31.1%**	_____	**Loan Origination Income**
						Interest
26.0%	27.4%	20.1%	31.3%	27.0%	_____	Inventory of First Mortgages
11.3	1.6	2.7	2.9	7.1	_____	Construction Loans
11.9	1.0	1.0	2.1	7.0	_____	Other Interest Income
49.2%	**30.0%**	**23.8%**	**36.3%**	**41.1%**	_____	**Interest Income**
0.7%	**0.8%**	**3.1%**	**0.8%**	**1.0%**	_____	**Insurance Commissions**
0.0%	**0.0%**	**0.7%**	**0.2%**	**0.1%**	_____	**Property Management Income**
0.0%	**0.0%**	**2.7%**	**0.0%**	**0.3%**	_____	**Real Estate Commissions**
1.0%	**(0.2)%**	**1.9%**	**7.2%**	**2.7%**	_____	**Other Income**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	_____	**TOTAL INCOME**
						EXPENSES:
						Personnel
3.7%	5.6%	5.7%	4.1%	4.2%	_____	Loan Administration
13.5	18.4	19.4	15.7	15.2	_____	Loan Origination
0.1	0.2	0.9	0.1	0.2	_____	Insurance
0.1	0.0	0.3	0.0	0.1	_____	Property Management
0.0	0.0	0.7	0.0	0.1	_____	Real Estate
1.1	1.4	2.6	1.3	1.4	_____	Management
2.9	5.2	5.7	3.2	3.5	_____	All Other Personnel
0.0	0.1	1.1	0.2	0.2	_____	Director's Fees
3.1	3.6	4.1	3.3	3.3	_____	Employee Benefits & Expense
24.5%	**34.5%**	**40.5%**	**27.9%**	**28.2%**	_____	**Total Personnel Expense**
						Nonpersonnel Expense
35.7%	22.4%	18.5%	24.4%	29.5%	_____	Interest Expense
2.5	3.5	3.2	2.8	2.8	_____	Occupancy
1.4	2.7	1.8	2.7	1.9	_____	Electronic Data Processing
0.9	1.1	1.2	1.1	1.0	_____	Other Equipment Rental
3.3	4.5	4.9	4.2	3.9	_____	Office Supplies
0.7	0.6	1.0	0.9	0.8	_____	Travel & Entertainment
0.3	0.5	0.6	0.3	0.3	_____	Automobile
0.3	0.4	0.7	0.3	0.4	_____	Advertising
0.6	0.5	0.8	1.0	0.7	_____	Loan Processing
0.2	0.7	1.4	1.4	0.7	_____	Brokerage Commissions
0.7	1.8	1.0	1.8	1.3	_____	Commitment & Auction Fees
0.6	1.1	1.1	0.9	0.8	_____	Legal & Auditing Fees
3.8	7.5	3.7	6.3	4.8	_____	Amortization-Purchased Servicing
0.5	0.2	0.5	0.2	0.4	_____	Real Estate & Property Management
0.2	0.2	0.3	0.1	0.2	_____	Fees for GNMA Pools
3.7	2.1	0.6	3.2	3.1	_____	Provision for Loan Losses
5.8	5.7	6.3	10.1	7.1	_____	All Other Operating Expense
61.2%	**55.5%**	**47.7%**	**61.7%**	**59.7%**	_____	**Total Nonpersonnel Expense**
85.7%	**90.0%**	**88.1%**	**89.6%**	**87.5%**	_____	**TOTAL EXPENSES**
14.3%	**10.0%**	**11.9%**	**10.4%**	**12.5%**	_____	**Net Operating Income**
0.4%	**0.5%**	**0.7%**	**0.1%**	**0.4%**	_____	**Net Nonrecurring Gain (Loss)**
6.7%	**4.8%**	**5.8%**	**4.7%**	**5.9%**	_____	**Taxes on Income**
8.0%	**5.7%**	**6.8%**	**5.9%**	**7.1%**	_____	**NET INCOME**
74	20	54	32	180	_____	Number of Firms Reporting

INCOME STATEMENT 1986—AVERAGE FIRM

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Table 2.01

INCOME STATEMENT 1986—AVERAGE FIRM

By Millions of Dollars of Mortgage Loans Closed

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	Over $1,000	Income Statement Account
		(Dollars in Thousands)				
						INCOME:
						Loan Administration
$1,742	$1,815	$ 3,585	$ 3,948	$ 8,213	$ 24,681	Servicing Fees, 1st Mtg. Loans
4	0	69	13	30	197	Servicing Fees, Non-1st Mtg. Loans
374	278	457	611	1,250	3,973	Other Loan Admin. Income
$2,120	**$2,093**	**$ 4,111**	**$ 4,572**	**$ 9,493**	**$ 28,851**	**Loan Administration Income**
						Loan Origination
$ 80	$ 256	$ 126	$ 285	$ 628	$ 443	Brokerage Fees
447	1,305	1,531	3,652	5,897	13,188	Gain or (Loss) on Mtgs. Sold (Gross)
179	571	1,096	1,770	2,356	7,510	FHA & VA 1% Fees, 1- to 4-unit
205	835	985	1,710	2,834	7,770	Conventional Fees, 1- to 4-unit
30	74	52	290	53	132	Multiunit Fees
42	47	215	231	654	859	Nonresidential Fees
32	65	269	802	505	746	Land Development & Const. Fees
89	198	465	578	842	4,058	All Other Loan Origination Income
$1,104	**$3,351**	**$ 4,739**	**$ 9,318**	**$13,769**	**$ 34,706**	**Loan Origination Income**
						Interest
$ 915	$1,809	$ 4,157	$ 9,075	$12,095	$ 30,263	Inventory of First Mortgages
174	171	1,651	3,772	2,278	7,217	Construction Loans
162	139	362	2,554	835	13,305	Other Interest Income
$1,251	**$2,119**	**$ 6,170**	**$15,401**	**$15,208**	**$ 50,785**	**Interest Income**
$ 223	**$ 65**	**$ 80**	**$ 148**	**$ 562**	**$ 905**	**Insurance Commissions**
$ 15	**$ 23**	**$ 2**	**$ 54**	**$ 28**	**$ 203**	**Property Management Income**
$ 153	**$ 11**	**$ 6**	**$ 124**	**$ 122**	**$ 0**	**Real Estate Commissions**
$ (24)	**$ 230**	**$ 208**	**$ 449**	**$ 1,188**	**$ 4,445**	**Other Income**
$4,841	**$7,891**	**$15,317**	**$30,066**	**$40,371**	**$119,894**	**TOTAL INCOME**
						EXPENSES:
						Personnel
$ 461	$ 495	$ 750	$ 859	$ 1,841	$ 4,392	Loan Administration
518	1,306	2,507	3,969	6,836	17,974	Loan Origination
31	19	10	39	187	76	Insurance
6	5	18	73	10	15	Property Management
2	43	4	44	64	5	Real Estate
105	201	268	329	605	1,303	Management
327	380	641	1,307	1,510	2,914	All Other Personnel
22	90	43	99	75	0	Directors' Fees
176	325	531	853	1,406	3,860	Employee Benefits & Expenses
$1,648	**$2,864**	**$ 4,772**	**$7,572**	**$12,534**	**$ 30,539**	**Total Personnel Expense**
						Nonpersonnel Expense
$ 915	$1,572	$ 4,726	$11,276	$10,914	$ 35,376	Interest Expense
174	284	480	821	1,151	2,984	Occupancy
159	221	254	441	774	2,295	Electronic Data Processing
71	83	155	218	458	1,246	Other Equipment Rental
234	349	549	981	1,777	4,311	Office Supplies
54	67	118	192	321	955	Travel & Entertainment
19	36	76	103	167	216	Automobile
25	53	43	137	123	360	Advertising
47	81	113	212	297	806	Loan Processing
147	59	48	106	138	1,037	Brokerage Commissions
20	212	154	253	435	1,636	Commitment & Auction Fees
68	122	113	206	33	793	Legal & Auditing Fees
541	325	386	904	2,160	6,217	Amortization-Purchased Servicing
38	56	175	69	72	322	Real Estate & Property Management
20	34	66	22	123	80	Fees for GNMA Pools
97	145	447	1,313	1,021	3,733	Provision for Loan Losses
488	459	1,093	2,038	2,049	9,792	All Other Operating Expense
$3,117	**$4,158**	**$ 8,998**	**$19,292**	**$22,316**	**$ 72,159**	**Total Nonpersonnel Expense**
$4,763	**$7,020**	**$13,769**	**$26,863**	**$34,839**	**$102,697**	**TOTAL EXPENSES**
$ 78	**$ 871**	**$ 1,548**	**$ 3,203**	**$ 5,522**	**$ 17,197**	**Net Operating Income**
$ 66	**$ (36)**	**$ 218**	**$ 222**	**$ 117**	**$ 99**	**Net Nonrecurring Gain (Loss)**
$ 98	**$ 295**	**$ 797**	**$ 1,627**	**$ 2,697**	**$ 7,577**	**Taxes on Income**
$ 46	**$ 540**	**$ 970**	**$ 1,798**	**$ 2,943**	**$ 9,720**	**NET INCOME**
43	31	28	29	31	18	Number of Firms Reporting

INCOME STATEMENT 1986—AVERAGE FIRM

By Millions of Dollars of Mortgage Loans Serviced

Table 2.02

MBA Chart of Accounts Account Number	Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 or More	All Reporting Firms	Your Firm
			(Dollars in Thousands)					
—	$ 288	$ 1,121	$ 2,526	$ 4,428	$ 9,341	$ 28,373	$ 5,805	
—	3	7	35	21	37	208	39	
—	49	176	345	620	1,197	5,259	919	
3100	**$ 340**	**$ 1,304**	**$ 2,906**	**$ 5,069**	**$ 10,575**	**$ 33,838**	**$ 6,763**	
3210	$ 181	$ 378	$ 109	$ 356	$ 387	$ 388	$ 281	
3250	1,438	1,432	1,095	4,215	4,922	12,207	3,493	
3225	568	702	762	1,639	3,025	6,093	1,754	
	283	602	1,157	1,854	3,216	6,521	1,887	
3221	53	74	34	105	195	183	97	
3222	25	127	80	416	540	820	287	
3280	120	54	207	398	786	769	351	
3200	223	241	363	650	1,731	2,268	771	
	$ 2,891	**$ 3,610**	**$ 3,807**	**$ 9,833**	**$ 14,802**	**$ 29,299**	**$ 8,921**	
3310	$ 2,422	$ 2,007	$ 3,030	$ 7,140	$ 14,340	$ 28,160	$ 7,748	
3320	40	466	1,266	1,789	3,926	7,647	2,050	
3340	22	127	536	220	9,110	4,276	2,005	
3300	**$ 2,484**	**$ 2,600**	**$ 4,832**	**$ 9,149**	**$ 27,376**	**$ 40,083**	**$ 11,803**	
3400	**$ 3**	**$ 212**	**$ 65**	**$ 184**	**$ 616**	**$ 1,158**	**$ 288**	
3700	**$ 12**	**$ 38**	**$ 16**	**$ 64**	**$ (15)**	**$ 211**	**$ 42**	
3600	**$ 196**	**$ 17**	**$ 4**	**$ 110**	**$ 117**	**$ 0**	**$ 80**	
3800	**$ 98**	**$ 33**	**$ 500**	**$ 14**	**$ 3,109**	**$ 1,803**	**$ 788**	
3000	**$ 6,024**	**$ 7,816**	**$12,129**	**$ 24,222**	**$ 56,577**	**$106,341**	**$ 28,684**	
—	$ 129	$ 297	$ 538	$ 1,006	$ 2,050	$ 5,270	$ 1,207	
—	809	1,485	1,916	4,371	7,620	15,786	4,353	
—	0	51	6	49	205	80	58	
—	3	12	12	24	60	8	20	
—	0	0	28	60	51	5	27	
—	129	199	225	406	661	1,076	389	
4118	301	325	706	1,203	1,669	2,575	1,005	
4120	78	64	17	61	107	0	56	
—	138	282	504	830	1,631	3,670	946	
—	**$ 1,587**	**$ 2,715**	**$ 3,952**	**$ 8,010**	**$ 14,054**	**$ 28,470**	**$ 8,061**	
4280	$ 2,103	$ 1,981	$ 3,631	$ 6,593	$ 20,746	$ 25,600	$ 8,458	
4130	222	236	381	718	1,355	2,946	794	
4160	81	159	218	486	1,011	2,194	549	
4153	35	77	163	191	500	1,313	294	
4170	162	289	489	959	2,183	4,051	1,097	
4180	43	63	106	195	398	876	225	
4190	25	42	52	133	160	184	90	
4220	31	52	40	113	174	304	101	
—	111	34	101	134	468	646	209	
4240	247	22	85	104	32	1,098	197	
—	45	179	76	437	965	574	345	
4210	52	85	120	171	421	813	225	
4270	34	96	354	558	2,111	8,944	1,385	
—	4	13	40	54	337	284	102	
—	1	35	49	31	141	100	53	
—	1	18	283	593	2,300	3,543	878	
—	485	507	555	1,433	3,103	10,231	2,038	
—	**$ 3,682**	**$ 3,888**	**$ 6,743**	**$ 12,903**	**$ 36,405**	**$ 63,681**	**$ 17,028**	
4000	**$ 5,270**	**$ 6,603**	**$10,696**	**$ 20,914**	**$ 50,454**	**$ 92,153**	**$ 25,088**	
—	**$ 754**	**$ 1,213**	**$ 1,433**	**$ 3,309**	**$ 6,122**	**$ 14,188**	**$ 3,896**	
—	**$ (1)**	**$ 118**	**$ 72**	**$ 184**	**$ 214**	**$ 105**	**$ 109**	
4400	**$ 385**	**$ 492**	**$ 705**	**$ 1,639**	**$ 2,845**	**$ 6,441**	**$ 1,682**	
—	**$ 368**	**$ 838**	**$ 800**	**$ 1,834**	**$ 3,491**	**$ 7,852**	**$ 2,023**	
—	33	26	39	37	28	17	180	

Table 2.03

INCOME STATEMENT 1986—AVERAGE FIRM

By Percent of Income Property Loans Closed to Total Loans Closed

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Income Property	Income Statement Account
		(Dollars in Thousands)				
						INCOME:
						Loan Administration
$ 4,748	$ 7,643	$ 12,195	$ 6,058	$ 7,049	$ 756	Servicing Fees, 1st Mtg. Loans
23	22	155	76	0	23	Servicing Fees, Non-1st Mtg. Loans
746	1,408	1,412	1,062	1,532	20	Other Loan Admin. Income
$ 5,517	**$ 9,073**	**$ 13,762**	**$ 7,196**	**$ 8,581**	**$ 799**	**Loan Administration Income**
						Loan Origination
$ 154	$ 522	$ 255	$ 490	$ 354	$ 616	Brokerage Fees
3,854	5,235	4,276	1,820	1,325	58	Gain or (Loss) on Mtgs. Sold (Gross)
1,665	3,409	2,120	1,612	651	0	FHA & VA 1% Fees, 1- to 4-unit
1,757	2,279	3,952	1,229	2,034	0	Conventional Fees, 1- to 4-unit
3	64	240	395	501	14	Multiunit Fees
1	294	758	730	1,167	683	Nonresidential Fees
134	470	212	1,345	1,180	168	Land Development & Const. Fees
697	460	1,136	455	2,273	506	All Other Loan Origination Income
$ 8,264	**$ 12,733**	**$ 12,949**	**$ 8,076**	**$ 9,485**	**$ 2,045**	**Loan Origination Income**
						Interest
$ 7,400	$ 8,076	$ 15,350	$ 8,841	$ 5,414	$ 80	Inventory of First Mortgages
747	2,150	1,252	6,297	10,943	597	Construction Loans
1,975	4,541	734	2,051	672	364	Other Interest Income
$10,122	**$ 14,769**	**$ 17,336**	**$17,189**	**$17,029**	**$ 1,041**	**Interest Income**
$ 152	**$ 643**	**$ 672**	**$ 277**	**$ 76**	**$ 432**	**Insurance Commissions**
$ 1	**$ 22**	**$ 278**	**$ 7**	**$ 48**	**$ 133**	**Property Management Income**
$ 63	**$ 144**	**$ 210**	**$ 10**	**$ 0**	**$ 79**	**Real Estate Commissions**
$ 661	**$ 34**	**$ 2,560**	**$ 1,093**	**$ 1,027**	**$ 193**	**Other Income**
$24,779	**$ 37,419**	**$ 47,766**	**$33,847**	**$36,246**	**$ 4,722**	**TOTAL INCOME**
						EXPENSES:
						Personnel
$ 1,042	$ 1,558	$ 2,166	$ 1,303	$ 1,541	$ 142	Loan Administration
3,505	7,304	7,501	4,989	4,534	481	Loan Origination
15	167	208	19	0	109	Insurance
4	16	38	95	12	53	Property Management
5	104	101	7	9	6	Real Estate
304	443	482	555	897	202	Management
987	980	1,607	1,231	644	408	All Other Personnel
45	92	61	38	0	151	Directors' Fees
771	1,276	1,749	1,160	1,107	248	Employee Benefits & Expenses
$ 6,678	**$ 11,940**	**$ 13,913**	**$ 9,397**	**$ 8,744**	**$ 1,800**	**Total Personnel Expense**
						Nonpersonnel Expense
$ 7,610	$ 10,085	$ 11,968	$11,496	$11,951	$ 583	Interest Expense
699	1,005	1,287	951	948	159	Occupancy
438	596	1,348	718	552	66	Electronic Data Processing
250	377	705	287	186	34	Other Equipment Rental
933	1,715	1,859	1,237	1,011	131	Office Supplies
162	335	387	211	296	101	Travel & Entertainment
76	105	123	163	75	53	Automobile
79	142	207	126	113	18	Advertising
203	219	203	502	44	29	Loan Processing
318	1	64	17	0	143	Brokerage Commissions
444	254	239	86	491	0	Commitment & Auction Fees
201	300	337	218	303	67	Legal & Auditing Fees
1,151	2,061	2,407	1,749	1,327	225	Amortization-Purchased Servicing
78	154	57	324	88	6	Real Estate & Property Management
50	99	96	33	12	0	Fees for GNMA Pools
666	559	2,357	1,625	1,069	90	Provision for Loan Losses
1,753	2,236	4,196	2,077	2,543	325	All Other Operating Expense
$15,131	**$ 20,243**	**$ 27,840**	**$21,820**	**$21,009**	**$ 2,030**	**Total Nonpersonnel Expense**
$21,807	**$ 32,183**	**$ 41,752**	**$31,217**	**$29,752**	**$ 3,829**	**TOTAL EXPENSES**
$ 2,972	**$ 5,235**	**$ 6,014**	**$ 2,630**	**$ 6,494**	**$ 894**	**Net Operating Income**
$ 57	**$ 161**	**$ 304**	**$ 305**	**$ 2**	**$ 36**	**Net Nonrecurring Gain (Loss)**
$ 1,424	**$ 2,455**	**$ 2,680**	**$ 1,348**	**$ 2,914**	**$ 280**	**Taxes on Income**
$ 1,605	**$ 2,941**	**$ 3,639**	**$ 1,587**	**$ 3,582**	**$ 650**	**NET INCOME**
102	23	17	15	11	12	Number of Firms Reporting

INCOME STATEMENT 1986—AVERAGE FIRM

Table 2.04

By Percent of Income Property Loans Serviced to Total Loans Serviced

0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 89.9%	90% to 100%	All Reporting Firms	Your Firm
			(Dollars in Thousands)				
$ 3,314	$ 9,676	$ 6,917	$10,114	$ 5,156	$ 818	$ 5,805	
4	50	18	208	0	23	39	
371	1,767	1,362	1,350	883	10	919	
$ 3,689	**$11,493**	**$ 8,297**	**$11,672**	**$ 6,039**	**$ 851**	**$ 6,763**	
$ 255	$ 247	$ 186	$ 149	$ 899	$ 144	$ 281	
3,534	5,817	3,572	3,832	1,264	167	3,493	
1,446	2,861	2,327	1,883	1,101	0	1,754	
1,720	2,417	1,677	3,425	1,502	39	1,887	
0	55	130	40	516	146	97	
0	4	217	827	889	962	287	
64	269	318	445	1,818	0	351	
781	578	465	1,031	1,529	531	771	
$ 7,800	**$12,248**	**$ 8,892**	**$11,582**	**$ 9,518**	**$ 1,989**	**$ 8,921**	
$ 6,248	$11,996	$ 7,104	$12,733	$ 7,189	$ 161	$ 7,748	
84	2,803	869	2,254	12,170	15	2,050	
2,637	1,046	2,570	1,329	1,952	323	2,005	
$ 8,969	**$15,845**	**$10,543**	**$16,316**	**$21,311**	**$ 499**	**$ 11,803**	
$ 80	**$ 509**	**$ 569**	**$ 272**	**$ 86**	**$ 432**	**$ 288**	
$ 2	**$ (6)**	**$ 58**	**$ 163**	**$ 91**	**$ 133**	**$ 42**	
$ 0	**$ 112**	**$ 107**	**$ 0**	**$ 388**	**$ 79**	**$ 80**	
$ 685	**$ 1,120**	**$ 1,118**	**$ 561**	**$ 583**	**$ 309**	**$ 788**	
$21,226	**$41,322**	**$29,583**	**$40,567**	**$37,956**	**$ 4,289**	**$ 28,684**	
$ 753	$ 2,007	$ 1,378	$ 1,927	$ 1,166	$ 165	$ 1,207	
3,083	6,186	4,736	6,934	4,999	615	4,353	
4	113	143	27	6	109	58	
1	2	35	0	92	53	20	
6	65	65	3	6	6	27	
316	487	300	423	774	221	389	
913	1,287	1,041	1,402	791	372	1,005	
59	74	52	20	1	151	56	
611	1,443	1,021	1,659	911	241	946	
$ 5,748	**$11,664**	**$ 8,771**	**$12,395**	**$ 8,746**	**$ 1,933**	**$ 8,061**	
$ 7,071	$11,558	$ 7,165	$10,315	$15,061	$ 144	$ 8,458	
540	1,225	812	1,219	961	172	794	
351	712	525	1,249	571	93	549	
208	399	321	620	198	11	294	
761	1,860	1,195	1,593	1,028	129	1,097	
133	375	232	334	277	95	225	
75	89	83	146	122	48	90	
77	107	130	136	141	16	101	
173	358	167	194	337	25	209	
93	670	97	21	296	141	197	
558	230	249	168	345	0	345	
136	438	218	281	287	60	225	
693	3,238	1,328	2,040	1,200	202	1,385	
43	167	175	114	128	5	102	
46	122	44	48	34	0	53	
264	1,866	542	1,670	2,015	(9)	878	
1,228	3,282	2,014	3,423	2,559	385	2,026	
$12,450	**$26,696**	**$15,297**	**$23,571**	**$25,560**	**$ 1,517**	**$ 17,028**	
$18,200	**$38,361**	**$24,069**	**$35,967**	**$34,307**	**$ 3,448**	**$ 25,088**	
$ 3,025	**$ 2,961**	**$ 5,514**	**$ 4,600**	**$ 3,649**	**$ 841**	**$ 3,596**	
$ 64	**$ 31**	**$ 89**	**$ 280**	**$ 300**	**$ 38**	**$ 109**	
$ 1,373	**$ 1,796**	**$ 2,327**	**$ 2,056**	**$ 1,843**	**$ 389**	**$ 1,682**	
$ 1,717	**$ 1,196**	**$ 3,277**	**$ 2,825**	**$ 2,106**	**$ 490**	**$ 2,023**	
67	28	35	21	17	12	180	

Table 2.05

INCOME STATEMENT 1986—AVERAGE FIRM

By Type of Ownership

Bank Holding Company Controlled	S&L Subsidiary	Privately Held	All Other	All Reporting Firms	Your Firm	Income Statement Account
	(Dollars in Thousands)					**INCOME:**
						Loan Administration
$ 6,469	$ 5,570	$ 2,053	$10,747	$ 5,805	_____	Servicing Fees, 1st Mtg. Loans
8	64	19	126	39	_____	Servicing Fees, Non-1st Mtg. Loans
1,137	1,109	319	1,311	919	_____	Other Loan Admin. Income
$ 7,614	**$ 6,743**	**$ 2,391**	**$12,184**	**$ 6,763**	_____	**Loan Administration Income**
						Loan Origination
$ 289	$ 123	$ 414	$ 140	$ 281	_____	Brokerage Fees
3,776	5,310	1,681	4,758	3,493	_____	Gain or (Loss) on Mtgs. Sold (Gross)
1,980	1,373	1,039	2,674	1,754	_____	FHA & VA 1% Fees, 1- to 4-unit
2,165	2,343	521	3,263	1,887	_____	Conventional Fees, 1- to 4-unit
134	2	75	109	97	_____	Multiunit Fees
364	231	146	383	287	_____	Nonresidential Fees
650	105	68	294	351	_____	Land Development & Const. Fees
948	534	338	1,243	771	_____	All Other Loan Origination Income
$10,306	**$10,021**	**$ 4,282**	**$12,864**	**$ 8,921**	_____	**Loan Origination Income**
						Interest
$ 9,485	$ 6,604	$ 1,986	$14,173	$ 7,748	_____	Inventory of First Mortgages
4,120	375	267	1,316	2,050	_____	Construction Loans
4,328	246	101	945	2,005	_____	Other Interest Income
$17,933	**$ 7,225**	**$ 2,354**	**$16,434**	**$11,803**	_____	**Interest Income**
$ 264	**$ 183**	**$ 309**	**$ 375**	**$ 288**	_____	**Insurance Commissions**
$ 2	**$ 3**	**$ 70**	**$ 111**	**$ 42**	_____	**Property Management Income**
$ 0	**$ 0**	**$ 285**	**$ 4**	**$ 80**	_____	**Real Estate Commissions**
$ 365	**$ (39)**	**$ 193**	**$ 3,285**	**$ 788**	_____	**Other Income**
$36,482	**$24,135**	**$ 9,863**	**$45,256**	**$28,684**	_____	**TOTAL INCOME**
						EXPENSES:
						Personnel
$ 1,358	$ 1,356	$ 563	$ 1,848	$ 1,207	_____	Loan Administration
4,928	4,430	1,917	7,085	4,353	_____	Loan Origination
38	55	86	59	58	_____	Insurance
28	0	28	0	20	_____	Property Management
11	6	65	14	27	_____	Real Estate
409	329	256	603	389	_____	Management
1,065	1,255	564	1,457	1,005	_____	All Other Personnel
4	24	111	105	56	_____	Directors' Fees
1,132	870	400	1,485	946	_____	Employee Benefits & Expense
$ 8,973	**$ 8,325**	**$ 3,990**	**$12,656**	**$ 8,061**	_____	**Total Personnel Expense**
						Nonpersonnel Expense
$13,010	$ 5,410	$ 1,822	$11,038	$ 8,458	_____	Interest Expense
923	843	318	1,269	794	_____	Occupancy
514	640	178	1,201	549	_____	Electronic Data Processing
342	262	119	498	294	_____	Other Equipment Rental
1,192	1,085	481	1,923	1,097	_____	Office Supplies
265	133	102	394	225	_____	Travel & Entertainment
92	110	59	124	90	_____	Automobile
107	107	68	139	101	_____	Advertising
217	129	79	458	209	_____	Loan Processing
70	161	135	620	197	_____	Brokerage Commissions
276	455	103	842	345	_____	Commitment & Auction Fees
226	269	107	396	225	_____	Legal & Auditing Fees
1,378	1,812	365	2,853	1,385	_____	Amortization-Purchased Servicing
167	41	52	73	102	_____	Real Estate & Property Management
76	55	30	40	53	_____	Fees for GNMA Pools
1,332	506	63	1,440	878	_____	Provision for Loan Losses
2,120	1,370	620	4,591	2,026	_____	All Other Operating Expense
$22,307	**$13,388**	**$ 4,701**	**$27,899**	**$17,028**	_____	**Total Nonpersonnel Expense**
$31,278	**$21,715**	**$ 8,691**	**$40,553**	**$25,088**	_____	**TOTAL EXPENSES**
$ 5,204	**$ 2,420**	**$ 1,173**	**$ 4,703**	**$ 3,596**	_____	**Net Operating Income**
$ 158	**$ 116**	**$ 71**	**$ 59**	**$ 109**	_____	**Net Nonrecurring Gain (Loss)**
$ 2,448	**$ 1,151**	**$ 575**	**$ 2,114**	**$ 1,682**	_____	**Taxes on Income**
$ 2,914	**$ 1,385**	**$ 669**	**$ 2,648**	**$ 2,023**	_____	**NET INCOME**
74	20	54	32	180	_____	Number of Firms Reporting

COMPARATIVE BALANCE SHEET—1986

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Table 3.01

COMPARATIVE BALANCE SHEET—1986

By Millions of Dollars of Mortgage Loans Closed

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	Over $1,000	Income Statement Account
3.0%	1.7%	3.3%	1.4%	1.5%	1.1%	Cash (Except Escrows & Other Fiduciary Funds)
2.2	1.1	1.1	7.1	1.2	1.4	Other Marketable Securities, At Cost
4.4	4.1	2.8	5.4	5.2	4.9	Receivables
						Inventory:
58.7	66.4	53.9	36.6	60.3	50.2	First Mortgages, Principal Balances
(0.5)	(0.3)	(0.7)	(0.5)	(0.7)	(0.5)	Premium (Discount)
58.1	66.1	53.3	36.1	59.5	49.7	First Mortgages, At Cost
0.1	0.8	2.4	1.0	1.0	0.9	Land Loans, Disbursed
9.8	4.4	18.8	21.5	8.6	9.8	Construction Loans, Disbursed
0.0	0.0	0.0	0.0	0.0	0.0	Home Improvement Loans
0.2	0.8	3.9	8.4	1.7	1.2	Other Loans in Inventory
68.3	72.1	78.3	67.0	70.9	61.6	Total Inventory
2.2	3.3	1.3	0.6	2.2	0.8	Other Current Assets
80.1%	**82.3%**	**86.8%**	**81.5%**	**81.0%**	**69.8%**	**Current Assets**
0.2%	0.1%	0.2%	0.0%	0.0%	0.0%	FNMA Stock, At Cost
3.2	3.0	1.4	1.1	1.7	1.5	Property, Equip., & Leasehold Improvements
(1.4)	(1.0)	(0.4)	(0.4)	(0.5)	(0.4)	Accumulated Depreciation
0.2	0.9	0.3	0.0	0.3	0.0	Land Held for Development
1.0	0.0	1.5	0.3	0.4	0.9	Noninterest Earning Loans
0.8	1.9	3.3	0.7	1.5	1.7	Real Estate Owned Through Foreclosure
15.9	12.8	6.9	16.9	15.5	26.4	Other Noncurrent Assets
19.9%	**17.7%**	**13.2%**	**18.5%**	**19.0%**	**30.2%**	**Noncurrent Assets**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL ASSETS**
37.0%	40.6%	61.1%	63.6%	52.4%	44.5%	Commercial Paper
41.2	34.4	20.9	12.5	24.8	19.4	Notes Payable to Banks
1.0	3.8	2.5	0.8	0.3	0.7	Notes Payable to Others
4.0	3.0	2.8	2.1	3.0	4.2	Accounts Payable
1.9	3.9	2.3	5.2	4.2	4.8	Other Current Liabilities
85.1%	**85.7%**	**89.6%**	**84.2%**	**84.7%**	**73.6%**	**Current Liabilities**
0.8%	**2.7%**	**2.4%**	**8.3%**	**5.7%**	**16.6%**	**Noncurrent Liabilities**
0.5%	0.0%	0.0%	(0.1)%	0.1%	0.0%	Preferred Stock
2.5	1.4	0.6	0.2	0.4	0.1	Common Stock
5.7	3.6	5.2	5.0	3.4	2.6	Retained Earnings
5.4	6.6	2.1	2.3	5.5	7.1	Paid in Surplus
14.1%	**11.6%**	**8.0%**	**7.5%**	**9.6%**	**9.8%**	**Stockholders' Equity**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL LIABILITIES & EQUITY**
43	31	28	29	31	18	Number of Firms Reporting

COMPARATIVE BALANCE SHEET—1986

By Millions of Dollars of Mortgage Loans Serviced

Table 3.02

MBA Chart of Accounts Account Number	Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 or More	All Reporting Firms	Your Firm
1110	5.2%	3.3%	1.8%	1.3%	1.2%	1.3%	1.5%	
1200	38.7	0.3	1.7	0.6	1.4	1.2	2.4	
1300	6.3	4.2	2.5	5.8	5.0	4.9	4.9	
1410	40.0	64.0	55.5	66.4	38.3	55.3	51.1	
1420	(0.6)	(0.4)	(0.5)	(0.9)	(0.4)	(0.6)	(0.6)	
—	39.4	63.6	55.0	65.5	37.9	54.7	50.5	
—	4.4	0.7	2.5	1.3	0.2	1.1	1.0	
1510	1.4	17.7	18.1	13.1	11.2	11.9	12.2	
—	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
1530	0.0	0.4	2.9	0.8	4.7	2.4	2.8	
—	45.2	82.4	78.5	80.7	54.0	70.1	66.5	
—	0.5	2.9	1.1	1.1	1.2	1.3	1.2	
—	**95.9%**	**93.1%**	**85.6%**	**89.5%**	**62.8%**	**78.8%**	**76.5%**	
1730+2	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	
1810	1.5	3.1	1.8	1.5	1.3	1.7	1.6	
1820	(0.5)	(1.2)	(0.6)	(0.6)	(0.4)	(0.4)	(0.5)	
—	0.0	1.2	0.0	0.5	0.1	0.0	0.1	
—	0.0	0.0	0.5	0.2	1.1	0.7	0.7	
1610	0.3	0.5	1.1	1.0	1.7	2.0	1.5	
—	2.7	3.2	11.6	7.6	33.5	17.3	19.9	
—	**4.1%**	**6.9%**	**14.4%**	**10.5%**	**37.2%**	**21.2%**	**23.5%**	
1000	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
2150	10.6%	18.8%	59.4%	58.2%	49.1%	53.2%	50.8%	
2110	35.7	42.5	23.7	22.2	14.6	21.8	20.6	
2130	2.2	1.2	0.9	1.6	1.3	0.0	0.9	
2210	3.4	1.7	2.8	2.6	2.2	5.0	3.4	
—	2.8	23.3	2.7	4.9	2.5	5.2	4.5	
—	**54.7%**	**87.5%**	**89.5%**	**89.5%**	**69.7%**	**85.2%**	**80.2%**	
—	**38.6%**	**3.4%**	**2.5%**	**1.3%**	**22.6%**	**3.2%**	**10.5%**	
2710	0.4%	0.0%	(0.1)%	0.2%	0.0%	0.0%	0.0%	
2720	0.9	1.4	0.5	0.5	0.3	0.1	0.3	
2740	1.7	6.3	4.3	3.7	4.0	2.9	3.6	
2730	3.8	1.3	3.2	4.8	3.3	8.6	5.4	
2700	**6.7%**	**9.1%**	**8.0%**	**9.2%**	**7.7%**	**11.8%**	**9.3%**	
—	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
—	33	26	39	37	28	17	180	

Table 3.03

COMPARATIVE BALANCE SHEET—1986

By Percent of Income Property Loans Closed to Total Loans Closed

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Income Property	Income Statement Accoung Firms
1.3%	1.8%	1.8%	1.7%	1.0%	3.8%	Cash (Except Escrows & Other Fiduciary Funds)
4.0	0.8	0.4	1.6	1.0	3.5	Other Marketable Securities, At Cost
5.7	5.8	4.8	2.4	3.0	2.7	Receivables
						Inventory:
54.1	54.3	64.4	33.3	33.8	26.7	First Mortgages, Principal Balances
(0.7)	(0.6)	(0.5)	(0.4)	(0.2)	0.0	Premium (Discount)
53.5	53.7	63.9	32.9	33.6	26.7	First Mortgages, At Cost
0.4	1.8	0.4	1.6	3.5	0.0	Land Loans, Disbursed
5.1	9.7	3.1	26.2	47.2	30.6	Construction Loans, Disbursed
0.0	0.0	0.0	0.0	0.0	0.0	Home Improvement Loans
0.8	0.2	2.9	14.6	1.8	3.1	Other Loans in Inventory
59.7	65.4	70.3	75.3	86.1	60.4	Total Inventory
1.2	1.0	1.2	1.8	0.6	10.1	Other Current Assets
71.9%	**74.8%**	**78.5%**	**82.8%**	**91.7%**	**80.5%**	**Current Assets**
0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	FNMA Stock, At Cost
1.5	1.9	1.8	1.2	1.1	4.2	Property, Equip., & Leasehold Improvements
(0.4)	(0.5)	(0.6)	(0.4)	(0.4)	(1.4)	Accumulated Depreciation
0.2	0.0	0.3	0.2	0.0	0.0	Land Held for Development
0.6	1.7	0.6	0.4	0.1	1.5	Noninterest Earning Loans
1.8	1.2	1.4	1.0	1.6	3.7	Real Estate Owned Through Foreclosure
24.3	20.7	18.1	14.8	5.8	11.4	Other Noncurrent Assets
28.1%	**25.2%**	**21.5%**	**17.2%**	**8.3%**	**19.5%**	**Noncurrent Assets**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL ASSETS**
46.5%	40.2%	42.0%	73.0%	75.8%	37.2%	Commercial Paper
20.7	22.0	35.3	10.6	7.6	27.0	Notes Payable to Banks
1.6	0.3	0.2	0.3	0.0	1.0	Notes Payable to Others
2.1	10.1	2.1	1.8	2.6	2.5	Accounts Payable
3.1	9.0	4.2	2.5	6.3	11.5	Other Current Liabilities
74.0%	**81.6%**	**83.8%**	**88.2%**	**92.3%**	**79.2%**	**Current Liabilities**
18.1%	**8.3%**	**2.2%**	**1.0%**	**2.4%**	**1.1%**	**Noncurrent Liabilities**
0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	Preferred Stock
0.4	0.1	0.2	0.3	0.0	7.6	Common Stock
2.6	5.1	3.7	4.5	4.0	6.4	Retained Earnings
4.8	4.9	10.0	6.0	1.3	5.2	Paid in Surplus
7.9%	**10.1%**	**14.0%**	**10.8%**	**5.3%**	**19.7%**	**Stockholders' Equity**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL LIABILITIES & EQUITY**
102	23	17	15	11	12	Number of Firms Reporting

COMPARATIVE BALANCE SHEET—1986

Table 3.04

By Percent of Income Property Loans Serviced to Total Loans Serviced

	0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 89.9%	90% to 100%	All Reporting Firms	Your Firm
	1.6%	0.5%	2.4%	2.1%	1.0%	7.6%	1.5%	
	5.7	2.0	0.4	0.8	1.2	12.7	2.4	
	6.4	4.7	5.5	4.8	2.3	7.1	4.9	
	50.5	58.0	59.0	59.2	25.6	17.3	51.1	
	(0.4)	(0.9)	(0.6)	(0.5)	(0.2)	0.0	(0.6)	
	50.1	57.1	58.4	58.8	25.4	17.3	50.5	
	0.6	0.1	0.7	1.5	3.0	0.0	1.0	
	0.8	10.9	5.9	7.0	44.7	0.5	12.2	
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	0.1	1.5	3.8	1.3	9.9	0.0	2.8	
	51.6	69.6	68.8	68.5	83.0	17.8	66.5	
	0.7	2.1	1.3	1.1	0.8	13.7	1.2	
	66.0%	**78.9%**	**78.4%**	**77.3%**	**88.3%**	**58.9%**	**76.5%**	
	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	
	1.3	2.0	1.9	1.6	1.0	7.6	1.6	
	(0.4)	(0.5)	(0.6)	(0.5)	(0.3)	(3.7)	(0.5)	
	0.3	0.1	0.2	0.1	0.0	0.0	0.1	
	0.6	0.5	1.2	1.1	0.1	0.0	0.7	
	1.0	2.5	1.3	1.5	1.4	0.8	1.5	
	31.1	16.5	17.8	18.7	9.6	36.3	19.9	
	34.0%	**21.1%**	**21.6%**	**22.7%**	**11.7%**	**41.1%**	**23.5%**	
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
	35.7%	56.2%	47.4%	43.2%	79.4%	20.1%	50.8%	
	18.7	26.0	20.6	30.3	6.2	7.9	20.6	
	2.7	0.2	0.2	0.3	0.2	0.7	0.9	
	2.5	1.6	10.0	1.7	2.1	9.2	3.4	
	3.8	2.2	8.6	4.4	4.4	15.8	4.5	
	63.4%	**86.2%**	**86.8%**	**79.9%**	**92.3%**	**53.7%**	**80.2%**	
	29.1%	**5.8%**	**1.9%**	**5.8%**	**1.1%**	**3.0%**	**10.5%**	
	0.1%	0.0%	0.0%	0.0%	0.1%	0.7%	0.0%	
	0.5	0.1	0.3	0.2	0.2	20.0	0.3	
	3.3	1.8	5.6	3.5	4.2	18.1	3.6	
	3.6	6.0	5.4	10.4	2.2	4.5	5.4	
	7.5%	**8.0%**	**11.3%**	**14.3%**	**6.6%**	**43.3%**	**9.3%**	
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	
	67	28	35	21	17	12	180	

Table 3.05

COMPARATIVE BALANCE SHEET—1986

By Type of Ownership

Bank Holding Company Controlled	S&L Subsidiary	Privately Held	All Others	All Reporting Firms	Your Firm	Income Statement Account
1.1%	1.9%	3.3%	1.7%	1.5%	_____	Cash (Except Escrows & Other Fiduciary Funds)
0.8	1.2	1.4	6.5	2.4	_____	Other Marketable Securities, At Cost
3.2	13.3	6.6	5.8	4.9	_____	Receivables
						Inventory:
45.6	58.6	68.9	56.0	51.1	_____	First Mortgages, Principal Balances
(0.5)	(0.6)	(0.9)	(0.6)	(0.6)	_____	Premium (Discount)
45.1	58.1	68.0	55.4	50.5	_____	First Mortgages, At Cost
1.2	0.0	0.2	1.1	1.0	_____	Land Loans, Disbursed
18.0	3.0	5.7	3.9	12.2	_____	Construction Loans, Disbursed
0.0	0.1	0.0	0.0	0.0	_____	Home Improvement Loans
4.3	0.2	1.4	0.7	2.8	_____	Other Loans in Inventory
68.6	61.3	75.3	61.1	66.5	_____	Total Inventory
1.0	1.4	1.8	1.5	1.2	_____	Other Current Assets
74.7%	**79.1%**	**88.4%**	**76.6%**	**76.5%**	_____	**Current Assets**
0.0%	0.0%	0.1%	0.0%	0.0%	_____	FNMA Stock, At Cost
1.1	2.2	2.9	2.1	1.6	_____	Property, Equip., & Leasehold Improvements
(0.3)	(0.6)	(1.1)	(0.5)	(0.5)	_____	Accumulated Depreciation
0.0	1.1	0.1	0.1	0.1	_____	Land Held for Development
0.9	0.0	0.0	0.7	0.7	_____	Noninterest Earning Loans
1.3	1.0	0.8	2.4	1.5	_____	Real Estate Owned Through Foreclosure
22.2	17.1	8.7	18.5	19.9	_____	Other Noncurrent Assets
25.3%	**20.9%**	**11.6%**	**23.4%**	**23.5%**	_____	**Noncurrent Assets**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	_____	**TOTAL ASSETS**
63.7%	52.9%	7.8%	33.2%	50.8%	_____	Commercial Paper
7.8	21.9	68.1	35.8	20.6	_____	Notes Payable to Banks
0.4	0.5	1.0	1.8	0.9	_____	Notes Payable to Others
3.9	3.9	4.6	1.8	3.4	_____	Accounts Payable
4.1	4.8	6.7	4.6	4.5	_____	Other Current Liabilities
79.9%	**84.0%**	**88.2%**	**77.2%**	**80.2%**	_____	**Current Liabilities**
12.4%	**5.1%**	**1.9%**	**10.2%**	**10.5%**	_____	**Noncurrent Liabilities**
0.0%	0.4%	0.1%	0.0%	0.0%	_____	Preferred Stock
0.3	0.8	0.3	0.3	0.3	_____	Common Stock
3.3	3.1	7.6	3.2	3.6	_____	Retained Earnings
4.0	6.5	1.8	9.0	5.4	_____	Paid in Surplus
7.7%	**10.9%**	**9.9%**	**12.6%**	**9.3%**	_____	**Stockholders' Equity**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	_____	**TOTAL LIABILITIES & EQUITY**
74	20	54	32	180	_____	Number of Firms Reporting

BALANCE SHEET 1986—AVERAGE FIRM

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Table 4.01

BALANCE SHEET 1986—AVERAGE FIRM

By Millions of Dollars of Mortgage Loans Closed

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	Over $1,000	Balance Sheet Account
			(Dollars in Thousands)			
$ 616	$ 547	$ 2,587	$ 2,636	$ 3,434	$ 8,385	Cash (Except Escrows & Other Fiduciary Funds
454	383	900	13,808	2,656	10,702	Other Marketable Securities, At Cost
926	1,316	2,197	10,532	11,949	37,071	Receivables
						Inventory:
12,217	21,495	42,714	71,039	137,553	375,947	First Mortgages, Principal Balances
(114)	(97)	(532)	(896)	(1,703)	(3,767)	Premium (Discount)
12,103	21,398	42,182	70,142	135,850	372,180	First Mortgages, At Cost
20	264	1,925	1,860	2,269	7,116	Land Loans, Disbursed
2,050	1,429	14,861	41,739	19,673	73,480	Construction Loans, Disbursed
1	0	0	76	58	0	Home Improvement Loans
45	248	3,075	16,382	3,988	8,398	Other Loans in Inventory
14,219	23,339	62,043	130,200	161,858	461,714	Total Inventory
462	1,074	1,066	1,100	4,951	5,907	Other Current Assets
$ 16,677	**$ 26,639**	**$ 68,793**	**$ 158,271**	**$ 184,848**	**$ 523,759**	**Current Assets**
$ 44	$ 20	$ 144	$ 30	$ 105	$ 137	FNMA Stock, At Cost
663	973	1,145	2,091	3,957	11,260	Property, Equip., & Leasehold Improvements
(290)	(323)	(342)	(717)	(1,147)	(2,845)	Accumulated Depreciation
44	294	246	0	743	79	Land Held for Development
206	0	1,185	546	944	6,766	Noninterest Earning Loans
177	625	2,579	1,333	3,443	12,445	Real Estate Owned Through Foreclosure
3,307	4,131	5,433	32,739	35,302	197,470	Other Noncurrent Assets
$ 4,151	**$ 5,721**	**$ 10,389**	**$ 36,020**	**$ 43,349**	**$ 225,312**	**Noncurrent Assets**
$ 20,828	**$ 32,360**	**$ 79,182**	**$ 145,914**	**$ 269,467**	**$ 749,071**	**TOTAL ASSETS**
$ 7,713	$ 13,142	$ 48,415	$ 78,728	$ 158,964	$ 333,316	Commercial Paper
8,587	11,123	16,544	25,188	54,915	145,363	Notes Payable to Banks
199	1,234	1,957	1,365	900	5,133	Notes Payable to Others
841	964	2,247	3,459	7,288	31,344	Accounts Payable
386	1,268	1,839	10,032	9,742	36,310	Other Current Liabilities
$ 17,726	**$ 27,731**	**$ 71,002**	**$ 118,772**	**$ 231,809**	**$ 551,466**	**Current Liabilities**
$ 168	**$ 868**	**$ 1,877**	**$ 16,448**	**$ 12,779**	**$ 124,219**	**Noncurrent Liabilities**
$ 94	$ 12	$ 35	$ (106)	$ 293	$ 41	Preferred Stock
531	467	477	370	931	496	Common Stock
1,184	1,160	4,124	6,161	11,101	19,470	Retained Earnings
1,125	2,123	1,667	4,270	12,554	53,380	Paid in Surplus
$ 2,934	**$ 3,761**	**$ 6,303**	**$ 10,694**	**$ 24,879**	**$ 73,386**	**Stockholders' Equity**
$ 20,828	**$ 32,360**	**$ 79,182**	**$ 145,914**	**$ 269,467**	**$ 749,071**	**TOTAL LIABILITIES & EQUITY**
						MEMORANDA:
$607,316	$516,034	$1,035,671	$1,308,504	$2,745,719	$7,630,955	Total Servicing Portfolio
7,644	4,415	6,567	9,320	30,522	87,351	Servicing Escrow
222	1,647	3,330	1,521	1,161	17,976	Other Escrows & Fiduciary Funds
$ 45,264	$130,946	$ 201,605	$ 331,561	$ 548,472	$1,512,268	1- to 4-unit Mortgage Loans Closed (In house)
6,922	16,020	47,189	67,812	85,944	267,867	Income Property Loans Closed (In house)
85,392	37,350	96,423	110,667	196,912	750,032	1- to 4-unit Purchase Production
$ 6,184	$ 1,809	$ 3,068	$ 7,064	$ 10,999	$ 26,180	Income Property Purchase Production
			(Number of Loans)			
						Number of Loans Serviced
12,992	12,827	18,892	21,972	56,007	147,318	1- to 4-unit Mortgage Loans
107	77	184	329	384	856	Income Property Loans
						Number of Loans Closed
686	2,013	2,902	4,579	7,222	19,995	1- to 4-unit Mortgage Loans
7	9	15	22	45	111	Income Property Loans
1,306	605	1,400	1,555	2,909	10,818	1- to 4-unit Purchase Production
1	1	15	1	2	27	Income Property Purchase Production
43	31	28	29	31	18	Number of Firms Reporting

BALANCE SHEET—1986

Table 4.02

By Millions of Dollars of Mortgage Loans Serviced

MBA Chart of Accounts Account Number	Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 or More	All Reporting Firms	Your Firm
			(Dollars in Thousands)					
1100	$ 1,567	$ 1,083	$ 1,100	$ 1,711	$ 4,399	$ 8,244	$ 2,496	
1200	11,704	85	1,055	777	4,936	7,920	4,062	
1300	1,909	1,364	1,564	7,571	18,167	31,588	8,251	
1410	12,098	20,742	34,705	86,047	139,111	359,301	85,994	
1420	(171)	(141)	(312)	(1,140)	(1,385)	(3,938)	(941)	
—	11,927	20,601	34,393	84,907	137,725	355,362	85,053	
—	1,322	227	1,554	1,710	605	7,387	1,755	
1510	431	5,734	11,352	16,931	40,853	77,363	20,508	
—	0	0	2	48	78	0	22	
1530	7	134	1,789	1,013	17,044	15,714	4,752	
	13,687	26,696	49,090	104,609	196,306	455,827	112,090	
	154	935	679	1,449	4,493	8,202	2,082	
	$ 29,021	**$ 30,163**	**$ 53,488**	**$ 116,117**	**$ 228,301**	**$ 511,781**	**$ 128,981**	
1730+2	$ 15	$ 13	$ 33	$ 128	$ 34	$ 315	$ 73	
1810	449	1,001	1,130	2,001	4,715	10,925	2,648	
1820	(153)	(377)	(360)	(717)	(1,340)	(2,746)	(776)	
—	1	403	21	636	219	83	235	
—	0	3	316	293	3,996	4,341	1,161	
1610	102	158	658	1,278	6,019	12,921	2,603	
—	814	1,046	7,282	9,878	121,615	112,465	33,448	
—	**$ 1,228**	**$ 2,247**	**$ 9,079**	**$ 13,497**	**$ 135,254**	**$ 138,303**	**$ 39,395**	
1000	**$ 30,249**	**$ 32,410**	**$ 62,567**	**$ 129,614**	**$ 363,555**	**$ 650,084**	**$ 168,376**	
2150	$ 3,198	$ 6,088	$ 37,153	$ 75,475	$ 178,563	$ 345,908	$ 85,475	
2110	10,790	13,780	14,843	28,711	53,094	142,011	34,757	
2130	680	389	568	2,099	4,590	8	1,450	
2210	1,026	541	1,766	3,432	8,124	32,467	5,685	
—	845	7,557	1,663	6,371	9,080	33,788	7,520	
—	**$ 16,539**	**$ 28,355**	**$ 55,993**	**$ 116,088**	**$ 253,451**	**$ 554,182**	**$ 134,887**	
—	**$ 11,675**	**$ 1,113**	**$ 1,593**	**$ 1,675**	**$ 82,221**	**$ 20,681**	**$ 17,734**	
2710	$ 128	$ (4)	$ (43)	$ 253	$ 0	$ 43	$ 70	
2720	261	467	316	629	1,235	520	554	
2740	510	2,052	2,679	4,758	14,593	18,899	6,003	
2730	1,136	427	2,030	6,210	12,055	55,760	9,128	
2700	**$ 2,035**	**$ 2,942**	**$ 4,981**	**$ 11,851**	**$ 27,883**	**$ 75,221**	**$ 15,755**	
	$ 30,249	**$ 32,410**	**$ 62,567**	**$ 129,614**	**$ 363,555**	**$ 650,084**	**$ 168,376**	
	$ 96,665	$ 343,375	$ 745,979	$1,483,047	$3,048,378	$8,913,559	$1,849,626	
	922	4,265	5,296	10,343	31,652	108,834	19,219	
	247	547	2,320	1,233	4,032	17,399	3,151	
	$ 86,419	$ 131,149	$ 200,302	$ 351,155	$ 627,684	$1,226,351	$ 363,830	
	5,947	24,671	38,667	76,916	67,658	263,643	64,266	
	15,627	27,919	24,587	128,997	176,591	1,083,870	168,576	
	$ 0	$ 0	$ 3,641	$ 5,537	$ 21,674	$ 27,720	$ 7,917	
			(Number of Loans)					
	1,600	6,654	14,708	27,075	59,522	180,648	36,327	
	25	40	162	247	516	1,015	273	
	1,221	1,853	2,873	4,783	8,195	16,722	4,951	
	8	11	13	29	27	112	27	
	228	482	365	1,890	2,328	16,160	2,467	
	0	0	12	1	4	29	6	
	33	26	39	37	28	17	180	

Table 4.03

BALANCE SHEET 1986—AVERAGE FIRM

By Percent of Income Property Loans Closed to Total Loans Closed

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Income Property	Balance Sheet Account
			(Dollars in Thousands)			
$ 1,820	$ 3,612	$ 4,688	$ 4,306	$ 2,606	$ 635	Cash (Except Escrows & Other Fiduciary Funds)
5,661	1,695	1,132	4,058	2,520	583	Other Marketable Securities, At Cost
7,989	11,973	12,709	5,891	7,741	454	Receivables
						Inventory:
76,300	111,318	170,331	82,226	86,687	4,452	First Mortgages, Principal Balances
(948)	(1,281)	(1,340)	(994)	(509)	0	Premium (Discount)
75,353	110,037	168,992	81,232	86,178	4,452	First Mortgages, At Cost
542	3,639	1,092	3,969	8,986	0	Land Loans, Disbursed
7,158	19,904	8,129	64,787	121,136	5,094	Construction Loans, Disbursed
18	95	0	0	0	0	Home Improvement Loans
1,139	507	7,581	36,102	4,634	510	Other Loans in Inventory
84,209	134,182	185,793	186,090	220,934	10,056	Total Inventory
1,679	2,081	3,065	4,358	1,626	1,690	Other Current Assets
$ 101,358	**$ 153,543**	**$ 207,387**	**$ 204,703**	**$ 235,427**	**$ 13,418**	**Current Assets**
$ 89	$ 61	$ 55	$ 84	$ 38	$ 2	FNMA Stock, At Cost
2,175	3,894	4,816	2,896	2,867	704	Property, Equip., & Leasehold Improvements
(609)	(1,013)	(1,513)	(1,020)	(944)	(230)	Accumulated Depreciation
215	97	683	405	48	0	Land Held for Development
807	3,516	1,473	973	280	249	Noninterest Earning Loans
2,586	2,424	3,666	2,365	3,999	609	Real Estate Owned Through Foreclosure
34,292	42,408	47,769	36,640	14,822	1,899	Other Noncurrent Assets
$ 39,554	**$ 51,390**	**$ 56,949**	**$ 42,342**	**$ 21,111**	**$ 3,234**	**Noncurrent Assets**
$ 140,912	**$ 204,933**	**$ 264,336**	**$ 247,045**	**$ 256,538**	**$ 16,652**	**TOTAL ASSETS**
$ 65,512	$ 82,459	$ 111,051	$ 180,402	$ 194,420	$ 6,187	Commercial Paper
29,195	44,988	93,199	26,086	19,455	4,502	Notes Payable to Banks
2,210	631	488	687	46	167	Notes Payable to Others
3,006	20,800	5,511	4,393	6,694	418	Accounts Payable
4,380	18,342	11,183	6,235	16,214	1,914	Other Current Liabilities
$ 104,303	**$ 167,220**	**$ 221,432**	**$ 217,803**	**$ 236,829**	**$ 13,188**	**Current Liabilities**
$ 25,456	**$ 16,911**	**$ 5,820**	**$ 2,552**	**$ 6,093**	**$ 191**	**Noncurrent Liabilities**
$ 134	$ (95)	$ 69	$ (42)	$ 0	$ 41	Preferred Stock
537	302	588	782	65	1,301	Common Stock
3,696	10,532	9,961	11,070	10,297	1,061	Retained Earnings
6,786	10,064	26,465	14,881	3,252	871	Paid in Surplus
$ 11,153	**$ 20,802**	**$ 37,084**	**$ 26,690**	**$ 13,616**	**$ 3,273**	**Stockholders' Equity**
$ 140,912	**$ 204,933**	**$ 264,336**	**$ 247,045**	**$ 256,538**	**$ 16,652**	**TOTAL LIABILITIES & EQUITY**
						MEMORANDA:
$1,387,972	$2,300,600	$3,560,485	$2,352,279	$2,912,868	$ 885,651	Total Servicing Portfolio
14,001	17,144	69,394	9,914	25,401	3,682	Servicing Escrows
3,370	7,372	154	2,486	441	757	Other Escrows & Fiduciary Funds
$ 346,408	$ 606,144	$ 599,914	$ 288,500	$ 153,492	$ 0	1- to 4-unit Mortgage Loans Closed (In house)
0	20,253	128,386	147,487	417,017	176,675	Income Property Loans Closed (In house)
168,446	57,670	482,356	173,742	93,603	0	1- to 4-unit Purchased Production
$ 842	$ 12,529	$ 42,204	$ 1,433	$ 4,184	$ 22,159	Income Property Purchased Production
			(Number of Loans)			
						Number of Loans Serviced
30,296	49,706	65,285	48,294	42,520	279	1- to 4-unit Mortgage Loans
108	225	721	473	883	313	Income Property Loans
						Number of Loans Closed
4,807	8,125	7,776	3,867	2,170	0	1- to 4-unit Mortgage Loans (In house)
0	14	122	47	114	36	Income Property Loans (In house)
2,592	889	6,435	2,387	1,280	0	1- to 4-unit Purchase Production
4	1	29	1	5	5	Income Property Purchase Production
102	23	17	15	11	12	Number of Firms Reporting

BALANCE SHEET 1986—AVERAGE FIRM

Table 4.04

By Percent of Income Property Loans Serviced to Total Loans Serviced

	0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 89.9%	90% to 100%	All Reporting Firms	Your Firm
				(Dollars in Thousands)				
	$ 1,938	$ 1,179	$ 3,423	$ 5,242	$ 3,013	$ 450	$ 2,496	
	6,848	5,044	568	1,964	3,590	748	4,062	
	7,655	11,831	7,981	11,731	6,496	418	8,251	
	60,229	147,134	85,366	145,999	73,989	1,021	85,994	
	(524)	(2,335)	(931)	(1,155)	(710)	0	(941)	
	59,705	144,799	84,434	144,844	73,280	1,021	85,053	
	688	327	993	3,816	8,573	0	1,755	
	919	27,763	8,506	17,258	128,948	30	20,508	
	28	78	0	0	0	0	22	
	136	3,759	5,425	3,169	28,504	0	4,752	
	61,476	176,726	99,359	169,067	239,304	1,051	112,090	
	889	5,266	1,860	2,671	2,165	810	2,082	
	$ 78,806	**$ 200,046**	**$ 113,191**	**$ 190,895**	**$ 254,568**	**$ 3,477**	**$ 128,981**	
	$ 45	$ 84	$ 87	$ 191	$ 41	$ 2	$ 73	
	1,535	5,165	2,676	3,941	2,790	446	2,648	
	(463)	(1,143)	(930)	(1,254)	(888)	(216)	(776)	
	320	229	220	325	0	0	235	
	707	1,223	1,784	2,766	400	0	1,161	
	1,203	6,390	1,863	3,603	3,977	48	2,603	
	37,102	41,777	25,701	46,159	27,679	2,137	33,448	
	$ 40,448	**$ 53,727**	**$ 31,400**	**$ 55,730**	**$ 33,999**	**$ 2,417**	**$ 39,395**	
	$ 119,254	**$ 253,773**	**$ 144,591**	**$ 246,425**	**$ 288,567**	**$ 5,894**	**$ 168,376**	
	$ 42,586	$ 142,656	$ 68,493	$ 106,371	$ 228,980	$ 1,184	$ 85,475	
	22,242	65,907	29,722	74,765	17,927	467	34,757	
	3,238	384	232	815	445	41	1,450	
	2,992	4,152	14,501	4,265	6,054	545	5,685	
	4,521	5,654	12,430	10,949	12,723	930	7,520	
	$ 75,579	**$ 218,753**	**$ 125,378**	**$ 197,165**	**$ 266,129**	**$ 3,167**	**$ 134,887**	
	$ 34,671	**$ 14,807**	**$ 2,735**	**$ 14,397**	**$ 3,197**	**$ 179**	**$ 17,734**	
	$ 143	$ 0	$ (52)	$ 28	$ 217	$ 41	$ 70	
	609	300	504	484	509	1,177	554	
	3,916	4,682	8,158	8,645	12,186	1,067	6,003	
	4,336	15,230	7,870	25,707	6,330	264	9,128	
	$ 9,004	**$ 20,213**	**$ 16,478**	**$ 34,863**	**$ 19,241**	**$ 2,548**	**$ 15,755**	
	$ 119,254	**$ 253,773**	**$ 144,591**	**$ 246,425**	**$ 288,567**	**$ 5,894**	**$ 168,376**	
	$ 970,371	$2,815,298	$2,087,708	$3,143,643	$2,271,536	$ 951,926	$1,849,826	
	11,262	18,650	20,490	57,495	14,362	1,165	19,219	
	1,615	8,135	4,374	3,193	275	534	3,151	
	$ 326,432	$ 561,716	$ 399,576	$ 490,647	$ 208,603	$ 4,612	$ 363,830	
	2,666	5,228	39,199	127,846	296,354	179,017	64,266	
	129,068	281,482	104,825	420,636	77,201	0	168,576	
	$ 0	$ 0	$ 1,634	$ 39,075	$ 2,707	$ 22,159	$ 7,917	
				(Number of Loans)				
	19,443	63,612	49,855	55,640	31,846	17	36,327	
	0	172	313	739	837	296	273	
	4,313	7,744	5,896	6,199	2,833	58	4,958	
	1	4	17	103	84	34	27	
	2,004	4,284	1,634	5,488	1,029	0	2,467	
	0	0	13	24	3	5	6	
	67	28	35	21	17	12	180	

Table 4.05

BALANCE SHEET 1986—AVERAGE FIRM

By Type of Ownership

Bank Holding Company Controlled	S&L Subsidiary	Privately Held	All Others	All Reporting Firms	Your Firm	Balance Sheet Account
			(Dollars in Thousands)			
$ 2,698	$ 2,218	$ 1,262	$ 4,288	$ 2,496	_____	Cash (Except Escrows & Other Fiduciary Funds)
1,855	1,437	528	16,770	4,062	_____	Other Marketable Securities, At Cost
7,529	15,933	2,523	14,787	8,251	_____	Receivables
						Inventory:
108,665	70,278	26,396	143,964	85,994	_____	First Mortgages, Principal Balances
(1,170)	(691)	(345)	(1,574)	(941)	_____	Premium (Discount)
107,494	69,587	26,051	142,390	85,053	_____	First Mortgages, At Cost
2,949	0	84	2,912	1,755	_____	Land Loans, Disbursed
42,973	3,611	2,194	10,025	20,508	_____	Construction Loans, Disbursed
0	93	0	68	22	_____	Home Improvement Loans
10,301	241	555	1,820	4,752	_____	Other Loans in Inventory
163,718	73,532	28,884	157,215	112,090	_____	Total Inventory
2,435	1,661	706	3,846	2,082	_____	Other Current Assets
$ 178,235	**$ 94,781**	**$ 33,905**	**$ 196,906**	**$ 128,981**	_____	**Current Assets**
$ 101	$ 59	$ 43	$ 66	$ 73	_____	FNMA Stock, At Cost
2,559	2,661	1,103	5,456	2,648	_____	Property, Equip., & Leasehold Improvements
(821)	(670)	(420)	(1,338)	(776)	_____	Accumulated Depreciation
48	1,308	20	363	235	_____	Land Held for Development
2,082	0	1	1,712	1,161	_____	Noninterest Earning Loans
3,125	1,166	315	6,157	2,603	_____	Real Estate Owned Through Foreclosure
52,808	20,548	3,352	47,530	33,448	_____	Other Noncurrent Assets
$ 59,902	**$ 25,073**	**$ 4,412**	**$ 59,947**	**$ 39,395**	_____	**Noncurrent Assets**
$ 238,137	**$ 119,854**	**$ 38,317**	**$ 256,853**	**$ 168,376**	_____	**TOTAL ASSETS**
$ 151,695	$ 63,446	$ 2,994	$ 85,298	$ 85,475	_____	Commercial Paper
18,655	26,241	26,077	91,966	34,757	_____	Notes Payable to Banks
1,045	650	397	4,664	1,450	_____	Notes Payable to Others
9,287	4,718	1,779	4,550	5,685	_____	Accounts Payable
9,789	5,732	2,581	11,726	7,520	_____	Other Current Liabilities
$ 190,471	**$ 100,787**	**$ 33,828**	**$ 198,204**	**$ 134,887**	_____	**Current Liabilities**
$ 29,631	**$ 6,153**	**$ 716**	**$ 26,177**	**$ 17,734**	_____	**Noncurrent Liabilities**
$ (10)	$ 468	$ 47	$ 42	$ 70	_____	Preferred Stock
625	971	134	839	554	_____	Common Stock
7,859	3,697	2,893	8,403	6,003	_____	Retained Earnings
9,563	7,779	700	23,188	9,128	_____	Paid in Surplus
$ 18,035	**$ 12,914**	**$ 3,773**	**$ 32,472**	**$ 15,755**	_____	**Stockholders' Equity**
$ 238,137	**$ 119,854**	**$ 38,317**	**$ 256,853**	**$ 168,376**	_____	**TOTAL LIABILITIES & EQUITY**
						MEMORANDA:
$ 2,110,685	$1,721,620	$ 667,537	$3,321,833	$1,849,826	_____	Total Servicing Portfolio
17,226	21,966	6,198	44,085	19,219	_____	Servicing Escrows
1,957	2,170	2,002	8,462	3,151	_____	Other Escrows & Fiduciary Funds
$ 390,797	$ 351,041	$ 157,076	$ 658,358	$ 363,830	_____	1- to 4-unit Mortgage Loans Closed (In house)
93,132	26,798	42,167	58,191	64,266	_____	Income Property Loans Closed (In house)
168,028	160,068	57,568	362,488	168,576	_____	1- to 4-unit Purchased Production
$ 8,488	$ 1,075	$ 0	$ 24,229	$ 7,917	_____	Income Property Purchase Production
			(Number of Loans)			
						Number of Loans Serviced
42,324	37,304	13,132	60,988	36,327	_____	1- to 4-unit Mortgage Loans
399	240	65	351	273	_____	Income Property Loans
						Number of Loans Closed
5,477	4,786	2,202	8,478	4,951	_____	1- to 4-unit Mortgage Loans
32	8	13	49	27	_____	Income Property Loans
2,409	2,684	911	5,093	2,467	_____	1- to 4-unit Purchase Production (In house)
2	1	0	29	6	_____	Income Property Purchase Production
74	20	54	32	180	_____	Number of Firms Reporting

SELECTED RATIOS—1986

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Table 5.01

SELECTED RATIOS—1986

By Millions of Dollars of Mortgage Loans Closed

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	Over $1,000	
						PROFITABILITY
0.258	0.269	0.403	0.453	0.420	0.424	Total Interest Income/Total Income
0.438	0.265	0.268	0.167	0.217	0.241	Loan Admin. Income/Total Income
0.228	0.425	0.309	0.352	0.319	0.289	Loan Orig. Income/Total Income
0.076	0.042	0.019	0.028	0.043	0.046	All Other Income/Total Income
0.346	0.408	0.347	0.318	0.330	0.297	Personnel Expenses/Total Expenses
0.654	0.596	0.653	0.682	0.670	0.703	Nonpersonnel Expenses/Total Expenses
0.192	0.224	0.343	0.380	0.345	0.344	Interest Expenses/Total Expenses
0.016	0.110	0.101	0.130	0.121	0.143	Net Operating Income/Total Income
0.590	0.620	0.627	0.555	0.536	0.565	Net Income/Net Operating Income
0.010	0.068	0.063	0.072	0.065	0.081	Net Income/Total Income
0.016	0.152	0.154	0.190	0.131	0.144	Net Income/Average Equity
0.002	0.019	0.013	0.015	0.012	0.017	Net Income/Average Assets
						LEVERAGE
0.047	0.055	0.061	0.067	0.056	0.060	Total Int. Exp./Avg. Total Liabilities
1.538	1.468	1.271	1.282	1.479	1.485	(Total Noncash Exp. + Net Income + Interest Exp.)/Interest Expense
6.086	8.029	11.541	13.950	11.162	9.998	Debt/Average Equity
0.914	1.006	0.944	1.074	1.018	1.155	Debt/Average Assets
6.659	7.983	12.225	12.989	10.961	8.657	Average Assets/Average Equity
						ACTIVITY
0.247	0.278	0.198	0.203	0.184	0.205	Asset Turnover (Total Income/Avg. Assets)
78	44	58	50	68	56	Avg. Day All Loans in Inventory
93	54	75	73	87	86	Avg. Day 1- to 4-unit Loans in Inventory
23	36	2	4	15	11	Avg. Day Income Prop. Loans in Inventory
33	42	36	36	32	35	Number of Loans Closed/Orig. Employee
524	479	429	506	539	582	Number of Loans Serv./Loan Admin. Empl.
$ 2,505,429	$ 3,061,792	$ 3,034,073	$ 3,025,023	$ 2,768,741	$ 3,050,757	$ Amt. of Loans Closed/Orig. Employee
$24,292,640	$19,112,370	$23,537,977	$29,077,867	$ 26,149,705	$ 29,925,314	$ Amt. of Loans Serv./Loan Admin. Empl.
$ 335,935	$ 330,204	$ 501,152	$ 626,240	$ 618,044	$ 759,707	Total Assets/Employees
$ 78,081	$ 80,520	$ 96,943	$ 109,601	$ 101,369	$ 121,596	Total Income/Employees
$ 76,823	$ 71,633	$ 87,146	$ 95,399	$ 89,065	$ 104,155	Total Expenses/Employees
$ 26,159	$ 28,640	$ 30,013	$ 30,115	$ 29,314	$ 30,973	Personnel Expenses/Employees
						LIQUIDITY
0.037	0.021	0.038	0.017	0.018	0.016	Cash/Current Assets
0.003	0.001	0.002	0.000	0.000	0.000	FNMA Stock, At Cost/Current Assets
0.027	0.014	0.013	0.119	0.012	0.020	Marketable Securities/Current Assets
0.056	0.049	0.032	0.085	0.056	0.071	Receivables/Current Assets
0.853	0.876	0.902	0.770	0.892	0.882	Inventory/Current Assets
0.028	0.040	0.015	0.009	0.022	0.011	Other Current Assets/Current Assets
0.941	0.961	0.969	1.016	0.936	0.950	Current Assets/Current Liabilities
0.801	0.823	0.869	0.827	0.805	0.699	Current Assets/Total Assets
0.199	0.177	0.131	0.173	0.195	0.301	Noncurrent Assets/Total Assets
$ (1,049,000)	$ (1,092,000)	$ (2,209,000)	$ (1,860,000)	$(14,858,000)	$(27,707,000)	Current Assets—Current Liabilities
43	31	28	29	31	18	Number of Firms Reporting

SELECTED RATIOS—1986

By Millions of Dollars of Mortgage Loans Serviced

Table 5.02

	Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 or More	All Reporting Firms	Your Firm
	0.412	0.333	0.398	0.378	0.484	0.377	0.411	
	0.056	0.167	0.240	0.209	0.187	0.318	0.236	
	0.480	0.462	0.314	0.398	0.262	0.275	0.311	
	0.051	0.036	0.048	0.015	0.068	0.030	0.042	
	0.301	0.411	0.369	0.383	0.279	0.309	0.321	
	0.699	0.589	0.630	0.617	0.722	0.691	0.679	
	0.399	0.300	0.339	0.315	0.411	0.278	0.337	
	0.125	0.155	0.118	0.137	0.108	0.133	0.125	
	0.488	0.691	0.558	0.554	0.570	0.553	0.563	
	0.061	0.107	0.066	0.076	0.062	0.074	0.071	
	0.200	0.287	0.168	0.173	0.136	0.114	0.140	
	0.014	0.029	0.014	0.015	0.012	0.015	0.014	
	0.080	0.069	0.064	0.054	0.069	0.049	0.059	
	1.191	1.465	1.283	1.358	1.354	1.667	1.434	
	15.363	10.081	12.117	11.098	13.110	8.344	10.555	
	1.075	1.090	1.022	0.966	1.122	1.095	1.072	
	14.285	9.881	11.853	11.486	11.689	7.619	9.846	
	0.230	0.271	0.216	0.199	0.189	0.203	0.201	
	47	43	43	68	62	63	59	
	49	52	61	85	77	101	82	
	13	25	2	8	17	12	12	
	40	40	41	35	34	32	34	
	238	373	480	488	548	589	533	
	$ 2,997,484	$ 3,315,319	$ 3,413,843	$ 3,101,964	$ 2,818,496	$ 2,756,382	$ 2,940,102	
	$ 13,809,286	$ 19,076,389	$ 24,063,839	$ 26,482,982	$ 27,462,865	$ 28,846,469	$ 26,809,072	
	$ 570,736	$ 385,833	$ 466,918	$ 512,308	$ 799,022	$ 650,735	$ 625,933	
	$ 113,660	$ 93,048	$ 90,515	$ 95,739	$ 124,345	$ 106,447	$ 106,632	
	$ 99,434	$ 78,607	$ 79,821	$ 82,664	$ 110,888	$ 92,245	$ 93,264	
	$ 29,389	$ 31,570	$ 29,274	$ 31,535	$ 30,753	$ 28,498	$ 29,856	
	0.054	0.036	0.021	0.015	0.019	0.016	0.019	
	0.001	0.000	0.001	0.001	0.000	0.001	0.001	
	0.403	0.003	0.020	0.007	0.022	0.015	0.031	
	0.066	0.045	0.029	0.065	0.080	0.062	0.064	
	0.472	0.885	0.918	0.901	0.860	0.891	0.869	
	0.005	0.031	0.013	0.012	0.020	0.016	0.016	
	1.755	1.064	0.955	1.000	0.901	0.923	0.956	
	0.959	0.931	0.855	0.896	0.628	0.787	0.766	
	0.041	0.069	0.145	0.104	0.372	0.213	0.234	
	$ 12.482,000	$ 1,808,000	$ (2,505,000)	$ 29,000	$(25,150,000)	$(42,401,000)	$ (5,906,000)	
	33	26	39	37	28	17	180	

Table 5.03

SELECTED RATIOS—1986

By Percent of Income Property Loans Closed to Total Loans Closed

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Income Property	
						PROFITABILITY
0.408	0.395	0.363	0.508	0.470	0.220	Total Interest Income/Total Income
0.223	0.242	0.288	0.213	0.237	0.169	Loan Admin. Income/Total Income
0.334	0.340	0.271	0.239	0.262	0.433	Loan Orig. Income/Total Income
0.035	0.023	0.078	0.041	0.032	0.177	All Other Income/Total Income
0.306	0.371	0.333	0.301	0.294	0.470	Personnel Expenses/Total Expenses
0.694	0.629	0.667	0.699	0.706	0.530	Nonpersonnel Expenses/Total Expenses
0.349	0.313	0.287	0.368	0.402	0.152	Interest Expenses/Total Expenses
0.120	0.140	0.126	0.078	0.179	0.189	Net Operating Income/Total Income
0.540	0.562	0.605	0.603	0.552	0.727	Net Income/Net Operating Income
0.065	0.079	0.076	0.047	0.099	0.138	Net Income/Total Income
0.156	0.166	0.100	0.068	0.280	0.210	Net Income/Average Equity
0.014	0.016	0.016	0.007	0.017	0.045	Net Income/Average Assets
						LEVERAGE
0.065	0.056	0.054	0.054	0.056	0.041	Total Int. Exp./Avg. Total Liabilities
1.426	1.441	1.472	1.421	1.371	2.473	(Total Noncash Exp. + Net Income + Interest Exp.)/Interest Expense
12.602	10.375	6.275	9.418	19.009	4.326	Debt/Average Equity
1.100	1.030	1.021	1.039	1.138	0.935	Debt/Average Assets
11.452	10.077	6.147	9.063	16.707	4.625	Average Assets/Average Equity
						ACTIVITY
0.210	0.209	0.215	0.160	0.170	0.330	Asset Turnover (Total Income/Avg. Assets)
68	51	68	52	39	5	Avg. Day All Loans in Inventory
78	64	97	98	166	0	Avg. Day 1- to 4-unit Loans in Inventory
0	21	16	4	13	9	Avg. Day Income Prop. Loans in Inventory
38	36	34	23	20	5	Number of Loans Closed/Orig. Employee
544	542	496	574	571	116	Number of Loans Serv./Loan Admin. Empl.
$ 2,730,654	$ 2,687,726	$ 3,089,559	$ 2,550,420	$ 5,048,752	$ 22,084,375	$ Amt. of Loans Closed/Orig. Employee
$ 24,785,214	$ 24,474,468	$ 26,770,564	$ 27,673,871	$ 38,327,211	$177,130,200	$ Amt. of Loans Serv./Loan Admin. Empl.
$ 610,010	$ 524,125	$ 586,111	$ 724,472	$ 1,110,554	$ 462,556	Total Assets/Employees
$ 107,268	$ 95,701	$ 105,911	$ 99,258	$ 156,909	$ 131,167	Total Income/Employees
$ 94,403	$ 82,309	$ 92,576	$ 91,545	$ 128,797	$ 106,361	Total Expenses/Employees
$ 28,784	$ 30,305	$ 30,781	$ 27,477	$ 37,853	$ 48,649	Personnel Expenses/Employees
						LIQUIDITY
0.018	0.024	0.023	0.021	0.011	0.047	Cash/Current Assets
0.001	0.000	0.000	0.000	0.000	0.000	FNMA Stock, At Cost/Current Assets
0.056	0.011	0.005	0.020	0.011	0.043	Marketable Securities/Current Assets
0.079	0.078	0.061	0.029	0.033	0.034	Receivables/Current Assets
0.831	0.874	0.896	0.909	0.938	0.749	Inventory/Current Assets
0.017	0.014	0.015	0.021	0.007	0.126	Other Current Assets/Current Assets
0.972	0.918	0.937	0.940	0.994	1.017	Current Assets/Current Liabilities
0.719	0.749	0.785	0.829	0.918	0.806	Current Assets/Total Assets
0.281	0.251	0.215	0.171	0.082	0.194	Noncurrent Assets/Total Assets
$ (2,945,000)	$(13,677,000)	$(14,045,000)	$(13,100,000)	$ (1,402,000)	$ 230,000	Current Assets—Current Liabilities
102	23	17	15	11	12	Number of Firms Reporting

SELECTED RATIOS—1986

Table 5.04

By Percent of Income Property Loans Serviced to Total Loans Serviced

	0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 89.9%	90% to 100%	All Reporting Firms	Your Firm
	0.423	0.383	0.356	0.402	0.561	0.116	0.411	
	0.174	0.278	0.280	0.288	0.159	0.198	0.236	
	0.367	0.296	0.301	0.286	0.251	0.464	0.311	
	0.036	0.042	0.063	0.025	0.029	0.222	0.042	
	0.316	0.304	0.364	0.345	0.255	0.561	0.321	
	0.684	0.696	0.636	0.655	0.745	0.440	0.679	
	0.389	0.301	0.298	0.287	0.439	0.042	0.337	
	0.143	0.072	0.186	0.113	0.096	0.196	0.125	
	0.568	0.404	0.594	0.614	0.577	0.583	0.563	
	0.081	0.029	0.111	0.070	0.055	0.114	0.071	
	0.208	0.064	0.228	0.085	0.124	0.195	0.140	
	0.018	0.005	0.027	0.014	0.008	0.081	0.014	
	0.073	0.053	0.058	0.050	0.060	0.024	0.059	
	1.322	1.473	1.615	1.469	1.359	4.958	1.434	
	13.344	12.417	8.901	6.338	15.916	1.335	10.555	
	1.138	1.064	1.039	1.018	1.081	0.551	1.072	
	11.726	11.673	8.564	6.228	14.721	2.422	9.846	
	0.219	0.189	0.240	0.195	0.152	0.706	0.201	
	60	74	57	67	39	2	59	
	65	93	74	101	111	0	82	
	90	12	15	13	11	2	12	
	41	33	38	28	21	12	34	
	528	565	558	479	573	52	533	
	$ 3,166,875	$ 2,405,648	$ 2,778,123	$ 2,747,784	$ 3,688,064	$ 22,953,625	$ 2,940,102	
	$26,226,243	$ 24,914,142	$ 22,941,846	$26,641,042	$ 39,851,509	$158,654,333	$26,809,072	
	$ 644,616	$ 605,663	$ 457,566	$ 606,958	$ 1,163,577	$ 163,722	$ 625,933	
	$ 114,735	$ 98,621	$ 93,617	$ 99,919	$ 153,048	$ 119,139	$ 106,632	
	$ 98,378	$ 91,554	$ 76,168	$ 88,611	$ 138,335	$ 95,778	$ 93,264	
	$ 30,903	$ 27,705	$ 27,669	$ 30,455	$ 35,266	$ 52,243	$ 29,856	
	0.025	0.006	0.030	0.027	0.012	0.129	0.019	
	0.001	0.000	0.001	0.001	0.000	0.001	0.001	
	0.087	0.025	0.005	0.010	0.014	0.215	0.031	
	0.097	0.059	0.071	0.062	0.026	0.120	0.064	
	0.780	0.883	0.878	0.887	0.940	0.302	0.869	
	0.011	0.026	0.016	0.014	0.009	0.233	0.016	
	1.043	0.914	0.903	0.967	0.957	1.096	0.956	
	0.681	0.788	0.783	0.774	0.882	0.590	0.766	
	0.339	0.212	0.217	0.226	0.118	0.410	0.234	
	$ 3,227,000	$(18,707,000)	$(12,187,000)	$ (6,470,000)	$(11,561,000)	$ 310,000	$ (5,906,000)	
	67	28	35	21	17	12	180	

Table 5.05

SELECTED RATIOS—1986

By Type of Ownership

Bank Holding Company Controlled	S&L Subsidiary	Privately Held	All Others	All Reporting Firms	Your Firm	
						PROFITABILITY
0.492	0.299	0.239	0.363	0.411	_____	Total Interest Income/Total Income
0.209	0.279	0.242	0.269	0.236	_____	Loan Admin. Income/Total Income
0.282	0.415	0.434	0.284	0.311	_____	Loan Orig. Income/Total Income
0.017	0.006	0.085	0.083	0.042	_____	All Other Income/Total Income
0.287	0.383	0.459	0.312	0.321	_____	Personnel Expenses/Total Expenses
0.713	0.617	0.541	0.688	0.679	_____	Nonpersonnel Expenses/Total Expenses
0.416	0.249	0.210	0.272	0.337	_____	Interest Expenses/Total Expenses
0.143	0.100	0.119	0.104	0.125	_____	Net Operating Income/Total Income
0.560	0.572	0.570	0.563	0.563	_____	Net Income/Net Operating Income
0.080	0.057	0.068	0.059	0.071	_____	Net Income/Total Income
0.181	0.115	0.186	0.087	0.140	_____	Net Income/Average Equity
0.015	0.013	0.019	0.012	0.014	_____	Net Income/Average Assets
						LEVERAGE
0.066	0.049	0.051	0.050	0.059	_____	Total Int. Exp./Avg. Total Liabilities
1.365	1.622	1.589	1.519	1.434	_____	(Total Noncash Exp. + Net Income + Interest Exp.)/Interest Expense
13.660	8.898	9.604	7.359	10.555	_____	Debt/Average Equity
1.124	0.975	0.961	1.025	1.072	_____	Debt/Average Assets
12.148	9.125	9.996	7.181	9.846	_____	Average Assets/Average Equity
						ACTIVITY
0.186	0.220	0.274	0.207	0.201	_____	Asset Turnover (Total Income/Avg. Assets)
64	60	43	60	59	_____	Avg. Day All Loans in Inventory
95	70	56	77	82	_____	Avg. Day 1- to 4-unit Loans in Inventory
13	12	13	3	12	_____	Avg. Day Income Prop. Loans in Inventory
35	32	35	34	34	_____	Number of Loans Closed/Orig. Employee
532	522	472	573	533	_____	Number of Loans Serv./Loan Admin. Empl.
$ 3,066,404	$ 2,518,927	$ 3,163,254	$ 2,833,964	$ 2,940,102	_____	$ Amt. of Loans Closed/Orig. Employee
$ 26,057,840	$ 23,911,389	$23,840,607	$31,045,168	$ 26,809,072	_____	$ Amt. of Loans Serv./Loan Admin. Empl.
$ 785,931	$ 425,014	$ 316,669	$ 598,725	$ 625,933	_____	Total Assets/Employees
$ 120,403	$ 85,585	$ 81,512	$ 105,492	$ 106,632	_____	Total Income/Employees
$ 103,228	$ 77,004	$ 71,826	$ 94,529	$ 93,264	_____	Total Expenses/Employees
$ 29,614	$ 29,313	$ 32,705	$ 29,364	$ 29,856	_____	Personnel Expenses/Employees
						LIQUIDITY
0.015	0.023	0.037	0.022	0.019	_____	Cash/Current Assets
0.001	0.001	0.001	0.000	0.001	_____	FNMA Stock, At Cost/Current Assets
0.010	0.015	0.016	0.085	0.031	_____	Marketable Securities/Current Assets
0.042	0.168	0.074	0.075	0.064	_____	Receivables/Current Assets
0.919	0.776	0.852	0.798	0.869	_____	Inventory/Current Assets
0.014	0.018	0.021	0.020	0.016	_____	Other Current Assets/Current Assets
0.936	0.940	1.002	1.993	0.956	_____	Current Assets/Current Liabilities
0.748	0.791	0.885	0.767	0.766	_____	Current Assets/Total Assets
0.252	0.209	0.115	0.233	0.234	_____	Noncurrent Assets/Total Assets
$ (12,236,000)	$ (6,006,000)	$ 77,000	$ (1,298,000)	$ (5,906,000)	_____	Current Assets—Current Liabilities
74	20	54	32	180	_____	Number of Firms Reporting

MORTGAGE BANKING HISTORICAL TRENDS, 1982–1986

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Table 6.01 **COMPARATIVE INCOME STATEMENT—AVERAGE FIRM**

1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm	1982 Average Firm	
					INCOME:
					Loan Administration
20.2%	26.4%	26.7%	23.1%	24.2%	Servicing Fees, 1st Mtg. Loans
0.1	0.2	0.1	0.1	0.4	Servicing Fees, Non-1st Mtg. Loans
3.2	4.4	5.1	3.6	4.1	Other Loan Admin. Income
23.5%	**31.0%**	**31.9%**	**26.8%**	**28.7%**	**Loan Administration Income**
					Loan Origination
1.0%	1.9%	1.2%	2.4%	1.8%	Brokerage Fees
12.2	4.4	4.1	5.3	5.6	Gain or (Loss) on Mtgs. Sold (Gross)
6.1	4.4	3.6	6.2	3.5	FHA & VA 1% Fees, 1- to 4-unit
6.6	5.3	5.9	4.9	3.8	Conventional Fees, 1- to 4-unit
0.3	0.6	0.5	0.7	1.0	Multiunit Fees
1.0	1.6	1.6	1.0	1.3	Nonresidential Fees
1.2	2.3	2.4	2.0	2.3	Land Development & Const. Fees
2.7	2.4	2.3	3.5	2.7	All Other Loan Origination Income
31.1%	**22.9%**	**21.6%**	**26.0%**	**22.0%**	**Loan Origination Income**
					Interest
27.0%	23.1%	22.6%	26.3%	19.5%	Inventory of First Mortgages
7.1	10.5	10.3	10.0	16.8	Construction Loans
7.0	6.1	6.4	4.7	5.3	Other Interest Income
41.1%	**39.7%**	**39.3%**	**41.0%**	**41.6%**	**Interest Income**
1.0%	**1.2%**	**1.5%**	**1.4%**	**1.4%**	**Insurance Commissions**
0.1%	**0.1%**	**0.2%**	**0.3%**	**0.4%**	**Property Management Income**
0.3%	**1.0%**	**1.2%**	**1.6%**	**1.6%**	**Real Estate Commissions**
2.7%	**4.0%**	**4.1%**	**2.8%**	**4.4%**	**Other Income**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL INCOME**
					EXPENSES:
					Personnel
4.2%	5.0%	5.7%	5.6%	5.5%	Loan Administration
15.2	13.6	13.1	12.7	9.8	Loan Origination
0.2	0.2	0.3	0.3	0.3	Insurance
0.1	0.1	0.1	0.2	0.2	Property Management
0.1	0.2	0.3	0.3	0.5	Real Estate
1.4	1.8	1.9	2.3	1.9	Management
3.5	3.9	3.9	3.0	3.6	All Other Personnel
0.2	0.2	0.2	0.4	0.1	Directors' Fees
3.3	3.9	4.2	3.7	3.3	Employee Benefits & Expense
28.2%	**28.9%**	**29.7%**	**28.5%**	**25.2%**	**Total Personnel Expense**
					Nonpersonnel Expense
29.5%	27.6%	28.8%	27.1%	33.0%	Interest Expense
2.8	3.3	3.3	2.8	2.8	Occupancy
1.9	2.1	2.0	1.6	2.0	Electronic Data Processing
1.0	1.1	1.1	0.9	0.8	Other Equipment Rental
3.9	4.2	4.4	4.1	3.8	Office Supplies
0.8	1.1	1.3	1.1	1.1	Travel & Entertainment
0.3	0.4	0.5	0.5	0.5	Automobile
0.4	0.5	0.5	0.4	0.3	Advertising
0.7	1.3	1.1	0.9	0.8	Loan Processing
0.7	1.0	0.8	1.0	0.9	Brokerage Commissions
1.3	1.1	1.0	0.7	1.7	Commitment & Auction Fees
0.8	0.9	0.9	0.8	1.1	Legal & Auditing Fees
4.8	5.8	4.0	3.4	3.4	Amortization-Purchased Servicing
0.4	0.6	0.5	0.2	0.2	Real Estate & Property Management
0.2	0.2	0.3	0.3	0.2	Fees for GNMA Pools
3.1	3.0	2.0	1.1	1.0	Provision for Loan Losses
7.1	5.4	5.0	5.1	3.9	All Other Operating Expense
59.7%	**59.6%**	**57.5%**	**52.0%**	**57.5%**	**Total Nonpersonnel Expense**
87.5%	**88.7%**	**87.2%**	**80.3%**	**82.9%**	**TOTAL EXPENSES**
12.5%	**11.3%**	**12.8%**	**19.7%**	**17.1%**	**Net Operating Income**
0.4%	**1.4%**	**1.3%**	**0.3%**	**0.4%**	**Net Nonrecurring Gain (Loss)**
5.9%	**5.8%**	**6.0%**	**8.7%**	**7.3%**	**Taxes on Income**
7.1%	**6.9%**	**8.0%**	**11.2%**	**10.2%**	**NET INCOME**
180	163	177	167	160	Number of Firms Reporting

INCOME STATEMENT—AVERAGE FIRM

Table 6.02

	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm	1982 Average Firm
			(Dollars in Thousands)		
	$ 5,805	$ 5,178	$ 4,395	$ 3,513	$ 2,865
	39	35	21	18	48
	919	859	845	554	491
	$ 6,763	**$ 6,072**	**$ 5,261**	**$ 4,085**	**$ 3,404**
	$ 281	$ 363	$ 203	$ 371	$ 208
	3,493	866	674	800	660
	1,754	864	595	944	419
	1,887	1,046	968	747	455
	97	125	76	108	113
	287	309	267	158	157
	351	445	400	391	276
	771	479	381	536	320
	$ 8,921	**$ 4,497**	**$ 3,562**	**$ 3,965**	**$ 2,608**
	$ 7,748	$ 4,521	$ 3,722	$ 4,007	$ 2,313
	2,050	2,055	1,690	1,528	1,990
	2,005	1,190	1,060	709	622
	$11,803	**$ 7,766**	**$ 6,472**	**$ 6,244**	**$ 4,925**
	$ 288	**$ 242**	**$ 250**	**$ 211**	**$ 164**
	$ 42	**$ 24**	**$ 27**	**$ 42**	**$ 48**
	$ 80	**$ 198**	**$ 201**	**$ 237**	**$ 186**
	$ 788	**$ 783**	**$ 672**	**$ 426**	**$ 512**
	$28,684	**$19,583**	**$16,446**	**$15,208**	**$11,847**
	$ 1,207	$ 983	$ 934	$ 852	$ 657
	4,353	2,655	2,149	1,925	1,160
	56	42	53	52	33
	20	16	17	23	20
	27	46	45	43	54
	389	353	315	348	231
	1,005	770	642	455	427
	56	35	31	60	11
	946	770	685	556	389
	$ 8,061	**$ 5,670**	**$ 4,871**	**$ 4,314**	**$ 2,982**
	$ 8,458	$ 5,402	$ 4,741	$ 4,120	$ 3,914
	794	646	547	428	331
	549	416	333	250	236
	294	211	189	139	99
	1,097	837	718	619	452
	225	219	215	160	136
	90	80	79	82	62
	101	97	86	66	37
	209	262	179	130	96
	197	190	124	152	107
	345	220	178	102	193
	225	182	145	129	127
	1,385	1,141	663	512	396
	102	111	88	29	27
	53	48	49	43	29
	878	590	323	166	124
	2,026	1,054	822	772	463
	$17,028	**$11,708**	**$ 9,479**	**$ 7,899**	**$ 6,831**
	$25,088	**$17,377**	**$14,349**	**$12,212**	**$ 9,816**
	$ 3,596	**$ 2,205**	**$ 2,097**	**$ 2,996**	**$ 2,031**
	$ 109	**$ 278**	**$ 206**	**$ 43**	**$ 47**
	$ 1,682	**$ 1,133**	**$ 982**	**$ 1,328**	**$ 870**
	$ 2,023	**$ 1,350**	**$ 1,321**	**$ 1,710**	**$ 1,207**
	180	163	177	167	160

Table 6.03

COMPARATIVE BALANCE SHEET—AVERAGE FIRM

1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm	1982 Average Firm	
1.5%	1.3%	1.9%	2.1%	2.1%	Cash (Except Escrows & Other Fiduciary Funds)
2.4	2.0	1.9	0.7	1.0	Other Marketable Securities, At Cost
4.9	5.1	6.4	4.7	4.0	Receivables
					Inventory:
51.1	41.0	43.1	51.1	46.9	First Mortgages, Principal Balances
(0.6)	(0.6)	(1.0)	(1.6)	(1.3)	Premium (Discount)
50.5	40.4	42.1	49.5	45.7	First Mortgages, At Cost
1.0	1.5	2.2	1.3	3.3	Land Loans, Disbursed
12.2	20.5	18.1	18.4	20.7	Construction Loans, Disbursed
0.0	0.3	0.2	0.0	0.4	Home Improvement Loans
2.8	5.5	2.6	4.1	4.3	Other Loans in Inventory
66.5	68.2	65.2	73.3	74.3	Total Inventory
1.2	3.0	4.6	2.8	3.0	Other Current Assets
76.5%	**79.6%**	**80.0%**	**83.6%**	**84.4%**	**Current Assets**
0.0%	0.2%	0.3%	0.4%	0.5%	FNMA Stock, At Cost
1.6	2.1	2.6	2.4	2.0	Property, Equip., & Leasehold Improvements
(0.5)	(0.6)	(0.7)	(0.7)	(0.6)	Accumulated Depreciation
0.1	0.3	0.3	0.3	0.3	Land Held for Development
0.7	0.6	0.6	0.6	0.9	Noninterest Earning Loans
1.5	1.6	1.4	1.3	1.5	Real Estate Owned Through Foreclosure
19.9	16.2	15.4	12.2	10.8	Other Noncurrent Assets
23.5%	**20.4%**	**20.0%**	**16.4%**	**15.6%**	**Noncurrent Assets**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL ASSETS**
50.8%	54.2%	51.2%	46.9%	54.9%	Commercial Paper
20.6	19.1	18.8	26.4	20.3	Notes Payable to Banks
0.9	1.8	2.2	1.4	2.8	Notes Payable to Others
3.4	1.8	2.3	2.8	2.2	Accounts Payable
4.5	4.7	5.7	4.8	4.0	Other Current Liabilities
80.2%	**81.6%**	**80.2%**	**82.3%**	**84.2%**	**Current Liabilities**
10.5%	**6.1%**	**6.1%**	**5.5%**	**3.3%**	**Noncurrent Liabilities**
0.0%	0.0%	0.2%	0.4%	0.1%	Preferred Stock
0.3	0.4	0.5	0.6	1.0	Common Stock
3.6	4.6	7.1	6.8	6.2	Retained Earnings
5.4	7.3	5.9	4.4	5.1	Paid in Surplus
9.3%	**12.3%**	**13.7%**	**12.2%**	**12.3%**	**Stockholders' Equity**
100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**TOTAL LIABILITIES & EQUITY**
180	163	177	167	160	Number of Firms Reporting

BALANCE SHEET—AVERAGE FIRM

Table 6.04

	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm	1982 Average Firm
			(Dollars in Thousands)		
Cash (Except Escrows & Other Fiduciary Funds)	$ 2,496	$ 1,440	$ 1,416	$ 1,440	$ 1,217
Other Marketable Securities, At Cost	4,062	2,134	1,468	499	550
Receivables	8,251	5,584	4,826	3,159	2,288
Inventory:					
First Mortgages, Principal Balances	85,994	44,670	32,676	34,400	26,780
Premium (Discount)	(941)	(695)	(753)	(1,072)	(722)
First Mortgages, At Cost	85,053	43,975	31,923	33,328	26,058
Land Loans, Disbursed	1,755	1,635	1,660	843	1,869
Construction Loans, Disbursed	20,508	22,340	13,731	12,394	11,790
Home Improvement Loans	22	305	174	5	243
Other Loans in Inventory	4,752	5,961	1,988	2,756	2,471
Total Inventory	112,090	74,216	49,476	49,326	42,431
Other Current Assets	2,082	3,305	3,489	1,875	1,722
Current Assets	**$ 128,981**	**$ 86,679**	**$ 60,675**	**$ 56,299**	**$ 48,208**
FNMA Stock, At Cost	$ 73	$ 186	$ 247	$ 259	$ 277
Property, Equip. & Leasehold Improvements	2,648	2,280	1,932	1,616	1,167
Accumulated Depreciation	(776)	(619)	(542)	(460)	(336)
Land Held for Development	235	306	196	223	197
Noninterest Earning Loans	1,161	702	491	399	517
Real Estate Owned Through Foreclosures	2,603	1,716	1,076	847	832
Other Noncurrent Assets	33,448	17,705	11,667	8,197	6,185
Noncurrent Assets	**$ 39,395**	**$ 22,278**	**$ 15,065**	**$ 11,080**	**$ 8,838**
TOTAL ASSETS	**$ 168,376**	**$ 108,957**	**$ 75,740**	**$ 67,379**	**$ 57,046**
Commercial Paper	$ 85,475	$ 59,043	$ 38,783	$ 31,572	$ 31,335
Notes Payable to Banks	34,757	20,855	14,252	17,812	11,553
Notes Payable to Others	1,450	1,974	1,657	941	1,580
Accounts Payable	5,685	1,919	1,723	1,909	1,272
Other Current Liabilities	7,520	5,166	4,293	3,261	2,305
Current Liabilities	**$ 134,887**	**$ 88,957**	**$ 60,708**	**$ 55,495**	**$ 48,045**
Noncurrent Liabilities	**$ 17,734**	**$ 6,614**	**$ 4,646**	**$ 3,703**	**$ 1,974**
Preferred Stock	$ 70	$ 31	$ 189	$ 244	$ 33
Common Stock	554	437	412	394	588
Retained Earnings	6,003	4,976	5,342	4,554	3,516
Paid in Surplus	9,128	7,941	4,443	2,989	2,889
Stockholders' Equity	**$ 15,755**	**$ 13,386**	**$ 10,386**	**$ 8,181**	**$ 7,027**
TOTAL LIABILITIES & EQUITY	**$ 168,376**	**$ 108,957**	**$ 75,740**	**$ 67,379**	**$ 57,046**
MEMORANDA:					
Total Servicing Portfolio	$1,849,826	$1,671,939	$1,340,328	$1,151,339	$972,406
Servicing Escrows	19,219	15,166	12,172	9,982	10,978
Other Escrows & Fiduciary Funds	3,151	4,349	735	385	6,982
1- to 4-unit Mortgage Loans Closed	363,830	201,782	162,516	197,323	89,033
Income Property Loans Closed	64,266	70,377	47,517	34,868	22,220
Total Mortgage Loans Closed	**$ 428,096**	**$ 272,159**	**$ 210,033**	**$ 232,191**	**$111,253**
Number of Loans Serviced			*(Number of Loans)*		
1- to 4-unit Mortgage Loans	36,327	35,150	31,438	26,970	25,071
Income Property Loans	273	323	265	225	236
Number of Loans Closed					
1- to 4-unit Mortgage Loans	4,951	2,962	2,490	3,162	1,599
Income Property Loans	27	24	18	38	9
Number of Firms Reporting	180	163	177	167	160

Table 6.05 **SELECTED RATIOS**

1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm	1982 Average Firm	
					PROFITABILITY
0.411	0.397	0.394	0.411	0.416	Total Interest Income/Total Income
0.236	0.310	0.320	0.269	0.287	Loan Admin. Income/Total Income
0.311	0.230	0.217	0.261	0.220	Loan Orig. Income/Total Income
0.042	0.064	0.070	0.060	0.077	All Other Income/Total Income
0.321	0.326	0.339	0.353	0.304	Personnel Expenses/Total Expenses
0.679	0.674	0.661	0.647	0.696	Nonpersonnel Expenses/Total Expenses
0.337	0.311	0.330	0.337	0.399	Interest Expenses/Total Expenses
0.125	0.113	0.128	0.197	0.171	Net Operating Income/Total Income
0.563	0.612	0.630	0.571	0.594	Net Income/Net Operating Income
0.070	0.069	0.080	0.112	0.102	Net Income/Total Income
0.140	0.112	0.133	0.169	0.189	Net Income/Average Equity
0.014	0.014	0.019	0.024	0.024	Net Income/Average Assets
					LEVERAGE
0.059	0.056	0.067	0.057	0.078	Total Int. Exp./Avg. Total Liabilities
1.434	1.473	1.410	1.520	1.368	(Total Noncash Exp. + Net Income + Interest Exp.)/Interest Expense
10.555	7.909	6.569	5.852	7.838	Debt/Average Equity
1.072	0.998	0.923	0.826	0.998	Debt/Average Assets
9.846	7.925	7.114	7.085	7.856	Average Assets/Average Equity
					ACTIVITY
0.201	0.204	0.232	0.212	0.236	Asset Turnover (Total Income/Avg. Assets)
59	50	51	45	62	Avg. Day All Loans in Inventory
82	74	68	58	62	Avg. Day 1- to 4-unit Loans in Inventory
12	8	7	13	20	Avg. Day Income Prop. Loans in Inventory
34	32	31	42	33	Number of Loans Closed/Orig. Employee
533	579	561	518	546	Number of Loans Serv./Loan Admin. Empl.
$ 2,940,102	$ 2,813,535	$ 2,590,024	$ 3,208,795	$ 2,305,865	$ Amt. of Loans Closed/Orig. Employee
$ 26,809,072	$ 26,966,758	$ 23,514,526	$ 21,723,377	$ 20,689,489	$ Amt. of Loans Serv./Loan Admin. Empl.
$ 625,933	$ 502,106	$ 411,630	$ 396,347	$ 425,716	Total Assets/Employees
$ 106,632	$ 90,244	$ 89,380	$ 89,459	$ 88,410	Total Income/Employees
$ 93,264	$ 80,078	$ 77,984	$ 71,835	$ 73,254	Total Expenses/Employees
$ 29,856	$ 26,009	$ 26,330	$ 25,228	$ 22,089	Personnel Expenses/Employees
					LIQUIDITY
0.019	0.017	0.023	0.026	0.025	Cash/Current Assets
0.001	0.002	0.004	0.005	0.006	FNMA Stock, At Cost/Current Assets
0.031	0.025	0.024	0.009	0.011	Marketable Securities/Current Assets
0.064	0.064	0.080	0.056	0.047	Receivables/Current Assets
0.869	0.856	0.815	0.876	0.880	Inventory/Current Assets
0.016	0.038	0.058	0.033	0.036	Other Current Assets/Current Assets
0.956	0.974	0.999	1.014	1.003	Current Assets–Current Liabilities
0.766	0.796	0.801	0.836	0.845	Current Assets/Total Assets
0.234	0.204	0.199	0.164	0.155	Noncurrent Assets/Total Assets
$ (5,906,000)	$ (2,278,000)	$ (33,000)	$ 804,000	$ 163,000	Current Assets—Current Liabilities
180	163	177	167	160	Number of Firms Reporting

APPENDIX A
Characteristics of the 1986 Sample.

In January of 1987, financial statement survey questionnaires were mailed to nearly 1,200 mortgage banking firms, all of the members of the Mortgage Bankers Association of America designated as mortgage bankers. A total of 180 firms provided usable responses, representing a response rate of 15 percent.

Two issues with regard to this sample need to be addressed: 1) the extent to which the sample is representative of the universe of mortgage banking firms, and 2) the extent to which the 1986 sample corresponds to the 1985 sample. Table A1 presents the percentage distribution of firms in the 1986 sample and firms in our estimate of the universe by size of origination volume. The universe is based on MBA membership records with the origination volumes covering the period from July 1, 1985 to June 30, 1986. The table reveals that the sample contains fewer firms in the lower origination volume categories than does the universe, so that the average firm in the sample is considerably larger than the average firm in the universe. On the other hand, except for the under $100 million category, the sample appears to be highly representative of firms in the various origination volume categories based on average origination volume. Thus, the detailed tables at the back of this report should prove extremely useful for purposes of comparison with an individual firm.

Table A2 compares the 1986 sample with the 1985 sample on the basis of income property loans as a percent of total originations and type of ownership. Table A3 makes the same comparisons for the firms that responded to both surveys, the repeat reporters. The tables reveal that the 1986 sample had significantly more firms that originated only one- to four-unit residential loans. Further, for the repeat reporters the proportion of firms making only one- to four-unit loans was twice as great in 1986 as 1987. However, for the entire sample the average dollar amount of income property originations declined about 9 percent in 1986 while for the repeat reporters it increased by about one-third. This suggests that, except for the repeat reporters, the income property lenders in the 1986 sample were significantly different than the income property lenders in the 1985 sample. Thus, with regard to comparisons of income property data between 1985 and 1986 the information on repeat reporters is more reliable.

With regard to type of ownership, the 1986 and 1985 samples appear to be highly comparable. For the most part the modest changes in the distribution of firms in the sample by type of ownership also occurred among the repeat reporters.

TABLE A1
COMPARISON OF 1986 SAMPLE WITH ESTIMATE OF UNIVERSE OF MORTAGE BANKING FIRMS

	Total / Average Firm	Under $100 mil	$100 mil to $199.9 mil	$200 mil to $299.9 mil	$300 mil to $499.9 mil	$500 mil to $999.9 mil	$1 bil and Over
1986 Sample:							
Percent	100%	23.9%	17.2%	15.6%	16.1%	17.2%	10.0%
Average In-House Origination Volume (mils)	$428.1	$52.2	$146.9	$248.8	$399.4	$634.4	$1,780.2
Universe:*							
Percent	100%	62.6%	15.7%	6.1%	9.0%	4.1%	2.6%
Average Origination Volume (mils)	$166.9	$36.1	$144.7	$239.4	$389.0	$680.0	$1,724.0

* Based on origination volume from July 1, 1985 to June 30, 1986.

TABLE A2
CHARACTERISTICS OF THE 1985 AND 1986 SAMPLES

By Income Property Loans as a Percent of Total Loans Closed

	Total	0% All Residential	Less Than 10%	10% to 25%	25% to 50%	50% to 99%	100% All Income Property
1986: Number	180	102	23	17	15	11	12
Percent	100.0%	56.7%	12.8%	9.4%	8.3%	6.1%	6.7%
1985: Number	163	79	20	18	17	17	12
Percent	100.0%	48.5%	12.3%	11.1%	10.4%	10.4%	7.4%

By Type of Ownership

	Total	Subsidiary of Bank Holding Company	Subsidiary of S&L	Privately Held	Other Controlled Subsidiary
1986: Number	180	74	20	54	32
Percent	100.0%	41.1%	11.1%	30.0%	17.8%
1985: Number	163	69	13	50	31
Percent	100.0%	42.3%	8.0%	30.7%	19.0%

TABLE A3
CHARACTERISTICS OF THE 1985 AND 1986 REPEAT REPORTERS

By Income Property Loans as a Percent of Total Loans Closed

	Total	0% All Residential	Less Than 10%	10% to 25%	25% to 50%	50% to 99%	100% All Income Property
1986: Number	78	34	15	12	7	5	5
Percent	100.0%	43.6%	19.2%	15.4%	9.0%	6.4%	6.4%
1985: Number	78	16	17	18	13	9	5
Percent	100.0%	20.5%	21.8%	23.1%	16.7%	11.5%	6.4%

By Type of Ownership

	Total	Subsidiary of Bank Holding Company	Subsidiary of S&L	Privately Held	Other Controlled Subsidiary
1986: Number	78	35	7	20	16
Percent	100.0%	44.9%	9.0%	25.6%	20.5%
1985: Number	78	38	6	21	13
Percent	100.0%	48.7%	7.7%	26.9%	16.7%

APPENDIX B

Return on average assets is a measure of the productivity of the firm's assets regardless of the manner in which those assets are funded. An inherent weakness in this ratio is that a firm with a low average ratio will have a higher return than a firm with a high leverage ratio because interest expense would be lower.

To correct for this problem, an alternative measure is Gross Return on Average Assets. Under this measure, interest expense net of taxes is added to net income and then divided by average assets. The amount of additional taxes that would have been paid had there been no interest expense is netted out to allow for comparison between firms and comparison over time. Escrow benefits should not be deducted from interest expense in the calculation since they have no effect on the capital structure of a firm.[a]

A comparison of two hypothetical firms, shown in Table B1, will help explain these concepts. Firm 1 is the average 1986 firm while firm 2 is identical in every respect except that all assets are funded with equity and so that firm has zero interest expense. Thus, while both firms have the same total or gross income, firm 2 has higher net income and a much higher return on average assets.

To compute gross return on average assets it is necessary to compute the additional amount of tax owed by firm 2 due to the fact that interest expense is zero. In this example that amount is $3,891 or 46 percent of interest expense. That amount is deducted from interest expense and the difference, $4,567, is added to net income. Thus, gross return on average assets is the same for both firms at 4.75 percent.

[a] See Ratio Analysis in Mortage Banking, pp. 1-2.

TABLE B1
EXAMPLE
(all numbers in 000's)

	Firm 1	Firm 2
Average Assets	$138,667	$138,667
Total Income	$ 28,684	$ 28,684
Interest Expense	$ 8,458	-0-
Noninterest Expense	$ 16,630	$ 16,630
Net Income Before Taxes	$ 3,596	$ 12,054
Net Noncurring Gain (Loss)	$ 109	$ 109
Taxes	$ 1,682	$ 5,573
Net Income	$ 2,023	$ 6,590
Return on Average Assets	1.46%	4.75%
Interest Expense Net of Taxes	$ 4,567	-0-
Gross Return on Average Assets	4.75%	4.75%

Table B2 presents gross return on average assets for the average firm in the survey and for the repeat reporters for the years 1985 and 1986. Note that interest expense net of taxes was computed assuming a 46 percent marginal tax rate, which seems appropriate since most mortgage banking firms are corporations and the average taxable income is above $1.5 million. Gross return on average assets for the average firm in the survey was 4.62 percent in 1985 and rose to 4.75 percent in 1986. Levels were comparable for the repeat reporters.

TABLE B2
GROSS RETURN ON AVERAGE ASSETS: 1985 AND 1986

	Survey Average		Repeat Reporters	
	1986	1985	1986	1985
Average Assets	$138,667	$92,349	$212,897	$131,620
Net Income	$ 2,023	$ 1,350	$ 3,139	$ 1,892
Return on Average Assets	1.46%	1.46%	1.47%	1.44%
Interest Expense	$ 8,458	$ 5,402	$ 3,139	$ 1,892
Interest Expense Net of Taxes	$ 4,567	$ 2,917	$ 7,036	$ 4,331
Gross Return on Average Assets	4.75%	4.62%	4.78%	4.73%

NOTES

Figures for 1986 represent the actual experience of 180 of the mortgage banking members surveyed.

"Servicing Volume" is as of December 31, 1986, and "Volume of Loans Closed" covers the calendar year ending December 31, 1986.

For "MBA Chart of Accounts," account numbers, see Tables 1.02, 2.02, 3.02, and 4.02. For description of accounts see MBA Suggested Chart of Accounts for Mortgage Banking Companies.

Commercial Paper includes notes payable to parent.

"Average Day All Loans in Inventory" in Table 5.00 series was calculated using total mortgage loans closed during 1986 divided by average of 1986 beginning and ending balances of mortgage loan inventories, principal balances.

"Average Day 1- to 4-unit Loans in Inventory" and "Average Day Income Property Loans in Inventory" in Table 5.00 series were calculated using their respective volume of loans closed during 1986 divided by their respective volume of loans in inventory at the end of 1986.

Due to rounding, parts may not sum to totals.

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